BIDV INSURANCE CORPORATION



# BÁO CÁO THƯỜNG NIÊN 2019

# ANNUAL REPORT


BIC
BIDV INSURANCE CORPORATION



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ANNUAL REPORT

# MESSAGE FROM CHAIRMAN



**DEAR VALUED SHAREHOLDERS, PARTNERS AND CUSTOMERS,**

Vietnam economy recognized positive signals in 2019. GDP grew by 7.02% compared to 2018 which exceeded the target set by the National Assembly (from 6.6% to 6.8%). Macro-economic was maintained stably and inflation was controlled at the lowest level in the last 3 years. Processing, manufacturing industry and market services play a driving force for the country's economic development. Import and export turnover of goods exceeded US $ 500 billion.

Insurance industry in 2019 also continues to maintain growth momentum. Total gross written premium (GWP) of the insurance industry is estimated at VND 160 trillion, grew by 20.3% compared to last year. In which, GWP of life insurance industry is estimated at VND 108 trillion, grew by 25.1% while GWP of non-life insurance industry is estimated at VND 52 trillion, grew by 11,6%.

BIC has a successful year with positive and comprehensive results on all activities in 2019.

## HIGHLIGHTED INDICATORS

Total consolidated assets of BIC reached VND 5,496 billion at December 31, 2019, grew by 7% compared to 2018. Owner's equity reached VND 2,241 billion, grew by 4.6%. Total consolidated GWP of BIC in 2019 reached VND 2,437 billion, grew by 6.8% compared to last year. In which, the direct premium reached VND 2,332 billion, grew by 25.2% compared to 2018, completed 121% plan assigned by the AGM.

In 2019, BIC continues to be ranked at B ++ (Good) by the world's leading credit rating organization - A.M Best. This is the highest ranking for non-life insurance companies in Vietnam. Financial capacity has been shown by capitalization capacity based on risk of BIC that continues to be maintained at the highest level. The underwriting activity result has been continuously showing good performance with the average combined cost ratio in the last 5 years at 99.1%. BIC's risk management framework was built in accordance with the scale and actual operation, continuously strengthened with the support of parent bank BIDV and strategic partner Fairfax.

BIC business activities also recognized positive result in oversea market such as Laos. The direct premium in 2019 of Lao Viet Insurance Joint Venture Company (LVI) achieved good growth rate compared to 2018, at 12% which helped maintain the company at its 2nd position in terms of market share and leading position in terms of profitability. Cambodia - Vietnam Insurance Company (CVI) continued to maintain the leading position in the field of aviation insurance in Cambodia.

In the regional market, BIC also proved its brand name by being the co-founders of Asian Guarantee and Credit Insurance Association with 7 other leading insurance companies from Korea, China, Indonesia, Philippines and Vietnam.

## THE HUNGER FOR SUCCESS

In 2020, the Covid-19 pandemic breaks out, affects negatively and widely on socio-economic situation in the world as well as in Vietnam. In additions, difficulties and challenges such as trade war, commodity protection... between countries around the world have not shown signs of cooling down. It is forecasted that by 2020, the Vietnamese economy in general and the insurance market in particular will face many difficulties.

With the ambition to maintain its position in the top 3 non-life insurance companies in term of profitability as well as become the leading non-life insurance in term of Bancassurance premium, 2020 is an important year for BIC business development in 5 - 10 coming years. With the strong commitment from strategic partner Fairfax in improving BIC performance, especially in 4 areas of information technology, new products, risk management, and human resources as well as the support from mother bank BIDV, BIC will continue to improve its operations, deliver superior products, quality services and add differentiated values to our customers.

I hope that BIC shareholders, partners and customers will accompany and support BIC in 2020 in concreting the challenging goals. I myself and the Board of Directors will do our best to lead/operate side by side with BIC team to be able to celebrate the 15th successful year.

*Wishing all of you health, happiness and success.*

**Best regards.**



**TRAN XUAN HOANG**

*Chairman of the Board*

# MESSAGE FROM CEO



**DEAR VALUED SHAREHOLDERS, PARTNERS AND CUSTOMERS,**

Insurance market continued to maintain high growth rate (at 20.3%) in 2019. However, non-life insurance market was still facing difficulties such as growth of motor vehicle insurance was lower than expected, low disbursement of public investment compared to the plan that has affected traditional insurance products such as motor vehicles, property- engineering and etc., which accounted for a large proportion of the total non-life insurance premium of the market. Besides, the non-technical competition, fraud… was still popular, which is a “headache” for insurance companies. According to the General Statistics Office of Vietnam, the non-life insurance market in 2019 is estimated to grow by 11.6%.

Being persistent with efficiency operating goal, BIC concentrated to improve risk management, customer services, product and service restructure towards efficiency in 2019. As a result, BIC’s business activities last year recorded very comprehensive and sustainable results. Both revenue and profit grew positively, following the goals approved by the General Meeting of Shareholders.

TOTAL GROSS WRITTEN PREMIUM OF BIC **2,223** INCREASED 7% BILLION ĐONG

PROFIT BEFORE TAX OF BIC **262** INCREASED 21.3% BILLION ĐONG

## MEMORABLE FIGURES

Total gross written premium of BIC - the parent company in particular in 2019 achieved VND 2,223 billion, increased 7% compared to 2018, completed 100% assigned plain by Annual General Meeting. This is the first year for BIC - the parent company in particular to pass VND 2000 billion direct premium, growth by 13% compared to last year, higher than the general growth rate of non-life insurance market. With the orientation of sustainable development, the efficiency indicators of BIC in 2019 achieved good results. With the combined operating ratio less than 100%, BIC made profits from underwriting activities. Profit before tax of BIC - the parent company in particular reached VND 262 billion, 21.3% higher than 2018.

2019 is also a successful year of BIC in developing retail distribution channels such as Bancassurance and online insurance. In particular, the Bancassurance channel grew impressively by nearly 70%, achieving the business target from the beginning of December 2019.

Aside from good business results, in 2019, BIC had also made its mark in other activities with many prestigious titles and awards such as Top 10 most prestigious non-life insurance companies in Vietnam, Top 500 largest enterprises in Vietnam, Top 500 fastest growing enterprises in Vietnam, Top 100 strongest brands in Vietnam and etc.

## DEVELOPMENT AMBITION

2020 will mark BIC's 15 years of establishment and operation. BIC will endeavor to create memorable milestones in this important year of operation. Continuing to focus on effective goals, BIC aims to grow revenue and continue to make profits from insurance business.

BIC will implement the organizational restructuring to ensure the consistency with market practice and business orientation; to focus on retail products, new distribution channels; to improve service quality before, during, and after sales; to accelerate the digitization speed across all activities to improve labor productivity and reduce costs. BIC will also continue to promote revenue growth of Bancassurance channel, take advantage of the network and customer base of current partner banks and credit institutions while strengthening cooperation with credit institutions nationwide.

With the achievements in 2019, I am confident that BIC team will continue to strive to complete challenging business goals in 2020, which are particularly difficult due to the effects of the Covid-19 pandemic. I also hope that you will always support and stand by BIC in 2020 and the years to come.

**Yours faithfully!**



**TRAN HOAI AN**

**General Director**

Official name:
BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM INSURANCE JOINT STOCK CORPORATION
Transaction name in English:
BIDV INSURANCE CORPORATION
Stock symbol (HOSE): BIC

## HEAD OFFICE

16th Floor, Block A, Vincom Tower, 191 Ba Trieu Street, Hai Ba Trung District, Hanoi, Vietnam

## CONTACT

Tel: (84-24) 22200282
Fax: (84-24) 22200281
Hotline: 1900 9456
Website: www.bic.vn
Email: bic@ bidv.com.vn

## CHARTER CAPITAL

VND 1,172,768,950,000

A.M Best Rating:
- Financial strength rating: B++ (Good)
- Issuer credit rating: bbb
- Prospect: Stable


SUSTAINABLE
DEVELOPMENT

# MILESTONES



**1999** - Bank for Investment and Development of Vietnam (BIDV) and QBE International Insurance Company cooperated to establish the BIDV - QBE Insurance Joint Venture.

**2006 -** BIDV bought the shares of QBE in the joint venture and changed its name to the Bank for Investment and Development of Vietnam Insurance Company (BIC).

**2007 -** BIC increased its chartered capital to VND 500 billion with the expansion of 11 branches and 30 regional sales offices.

**2008 -** BIC cooperated with Lao Viet Joint Stock Commercial Bank (LVB) and Lao Commercial Bank (BCEL) to establish Lao Viet Insurance Joint Venture Company (LVI).

**2009 -** BIC became the first insurance company in Vietnam with a full network of operations in all three countries of Indochina (Vietnam - Laos - Cambodia).

**2010 -** BIC officially changed its form from 100% state owned to Joint Stock Company with the new name of Bank for Investment and Development of Vietnam Insurance Corporation.

**2011 -** BIC officially provided insurance products through online channel via www.baohiemtructuyen.com.vn, which contributed to promote retail insurance. In September 2011, BIC also officially listed 66 million shares on the Ho Chi Minh Stock Exchange (HOSE).

**2012 -** BIC initiated a strong shift to retail with a variety of new personal insurance products and the development of our distribution channels with particular focus on the Bancassurance and Online channels. BIC fulfilled its business plan in 2012 and was one of the most profitable insurance companies in the market despite the difficult business environment due to the impact of the recession.



**2013 -** BIC purchased back shares of LVB in Lao Viet Insurance Joint Venture Company to increase its shareholding in LVI to 65% and officially released consolidated financial statements from Quarter III/2013.

**2014 -** BIC raised its charter capital to VND 762,299,820,000. For the first time in BIC's history A.M. Best, a leading financial credit rating agency rated BIC a B+ for good financial strength and bbb- for issuer capacity.

**2015 -** BIC officially opened its representative office in Myanmar as a bridge to connect commercial trade and promote insurance business between Vietnam and Myanmar. During 2015 BIC also completed a strategic equity acquisition agreement with Fairfax, a leading global insurer and reinsurer from Canada.

**2016 -** A.M Best raised BIC's outlook to Positive and continued to affirm the financial strength rating of B+ (Good), and issuer credit rating of bbb-.

**2017 -** BIC provided satisfactory and sustainable business results and maintained its position as a top 5 non-life insurance company with the highest income in the market. BIC also became one of the few insurance companies with an in-house Actuary under the new requirements of the Ministry of Finance.

**2018 -** BIC's credit rating was upgraded by A.M. Best from B+ to B++. Business results were also impressive. Consolidated gross written premium exceeded VND 2,000 billion and consolidated pre-tax profit exceeded VND 200 billion.

**2019 -** It is the first time written premium of the parent company - BIC reached the milestone of VND 2,000 billion. With the transformation of business structure towards efficiency, in 2019, BIC made profits from insurance business.

# TITLES AND AWARDS




Top 10 most prestigious non-life insurance company in Vietnam awarded by Vietnam Report Joint Stock Company (Vietnam Report) in collaboration with VietnamNet Newspaper announced in 2016, 2017, 2018, 2019.

Top 50 most efficient listed company in Vietnam for 4 consecutive years from 2014 to 2018 (according to Investment Bridge Magazine and Thien Viet Securities Company).

Top 500 fastest growing business in Vietnam from 2010 to 2015, and 2019 (according to the Independent report of Vietnam Report).

Top 1000 enterprises with highest corporate income tax contribution in Vietnam for 7 consecutive years from 2010 to 2016

Top 50 Fastest Growing Company of Vietnam for the period of 2009 - 2014 (according to the Independent report of Vietnam Report).

Best leverage index in the insurance sector in 2014 under the "Vietnam Best Company" (according to the assessment of Vietnam Chamber of Commerce and Industry- VCCI).

Labor Order, third class awarded by the Government's President.

Central Enterprise Party Award 2008, 2013.

Ministry of Finance Award in 2009, 2010, 2013, 2019 recognizing the active contribution of BIC to the sustainable development of the financial market of Vietnam.

Prime Minister's Award in 2010 recognizing BIC's contribution to national construction.

"Best non-life insurer in 2010" Certificate by the Vietnam Economic Forum.

Emulation Flag, Award Certificate of the Governor of the State Bank of Vietnam in 2008, 2010.

Vietnam Golden Star Award 2010.

Excellent Brand Award in Vietnam for consecutive years 2007 to 2009 and from 2013 to 2019.

Top Trade Service Award in 2008 and 2013 of Ministry of Industry and Trade.

Golden FDI Award in 2008.

Top 500 Largest Enterprise in Vietnam announced by Vietnam Report in 2018, 2019.









# 07 TYPICAL MILESTONES OF BIC IN 2019

◆ **BIC successfully completed the 2019 assigned business plan:** TTotal gross written premium of BIC - the parent company in particular in 2019 achieved VND 2.223, increased 7% compared to 2018, completed 100% plan assigned by Annual General Meeting. This is the first year for BIC - the parent company in particular to achieve VND 2,000 billion of direct premium. The consolidate profit before tax reached VND 270 billion, grew by 25.2% compared to the same period last year, completed 121% assigned plan.

◆ **Strengthen the personnel of the BOD:** On 19/04/2019, Mr. Tran Xuan Hoang, Deputy General Director of BIDV, was elected as Chairman of BIC's Board of Directors; Mr. Nguyen Huy Tua and Mr. Dang The Vinh were elected as Independent Board Members.

◆ **A.M. Best reaffirmed BIC's Financial Strength Rating B++:** This ranking result was published by A.M. Best on the basis of a comprehensive review of BIC's activities over the years, including: financial capacity, business results, operational efficiency, and risk management system. This is the highest rating for non-life insurance companies in Vietnam..






◆ **Impressive growth rate of Bancassurance:** 2019 continues to be a breakthrough year of Bancassurance channel with a growth rate of nearly 70%, completed the annual plan in the early of December 2019. In addition to BIDV system, insurance sales through banks such as CoopBank, VRB … also achieved positive results.

◆ **Honored with many prestigious awards:** Top 10 most prestigious non-life insurance companies in Vietnam, Top 500 largest enterprises in Vietnam, Top 500 fastest growing enterprises in Vietnam, Top 100 strongest brands in Vietnam and etc

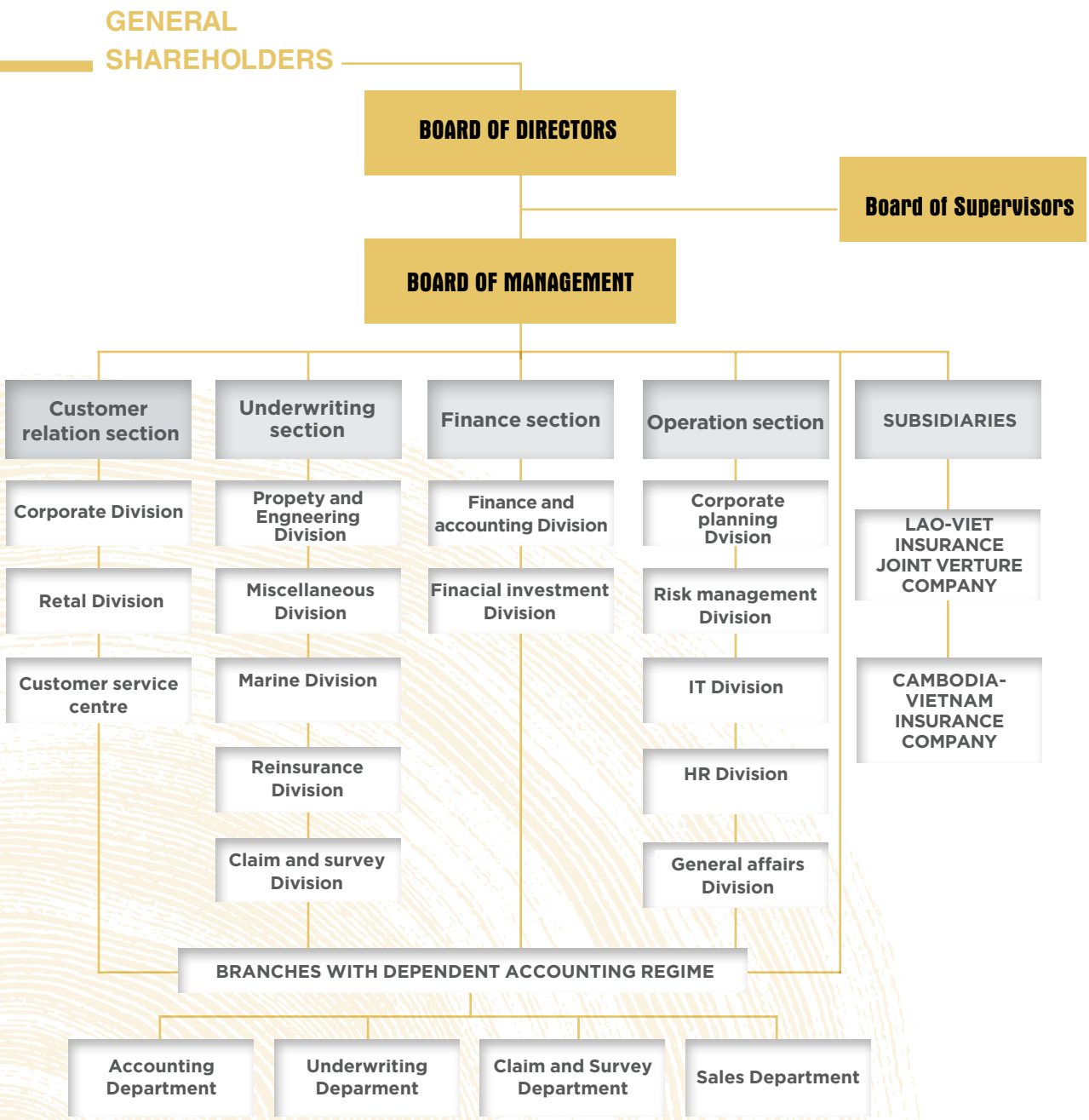


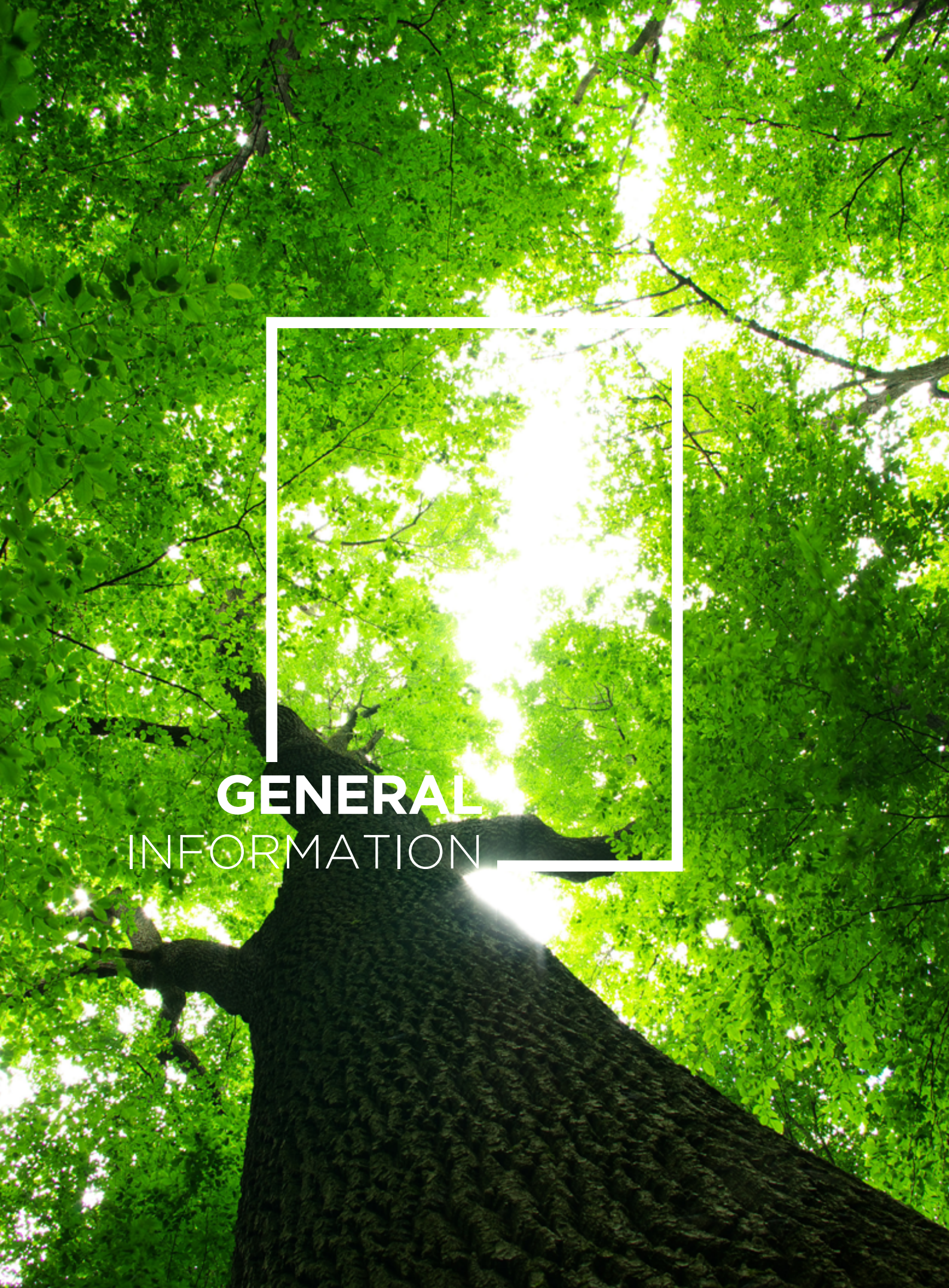

◆ **Launching of BIC Online mobile application:** This is one of BIC's efforts in keeping up with the current trend of technology development in the world as well as in Vietnam. BIC Online will contribute to improving the quality of customer service, shortening claim process, claim payment, thereby, providing the best experience for customers when using BIC products and services.

◆ **Become one of founder members of Asian Guarantee and Credit Insurance Association:** BIC together with 7 top insurance companies in Korea, China, Indonesia, Philippines, and Vietnam found Asian Guarantee and Credit Insurance Association (AGCIA). The role of the organization is representative for enterprises providing guarantee and credit insurance businesses in Asia.



# GOVERNANCE STRUCTURE, MANAGEMENT SYSTEM, BRANCHES AND JOINT-VENTURES

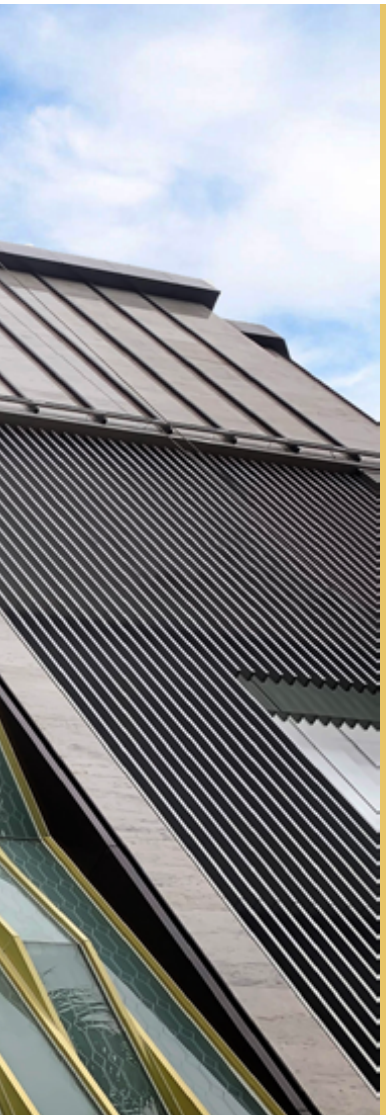




# GENERAL INFORMATION

# BUSINESS SERVICE AND BUSINESS NETWORK





**HEAD OFFICE:**

16TH FLOOR, BLOCK A, VINCOM TOWER, 191 BA TRIEU STREET, HAI BA TRUNG DISTRICT, HANOI, VIETNAM

## BUSINESS SERVICES

- BIDV Insurance Corporation operates under Business License No. 11/GP/KDBH issued by the Ministry of Finance dated 10th April 2006 and Adjusted License No. 11/GPDC16/KDBH dated 06th January 2016.
- BIC's services cover non-life insurance, reinsurance, and financial investment services

**BUSINESS NETWORK**

- BIC has 26 branches, 161 sales offices, and over 1,500 insurance agents nationwide, 2 Joint-Ventures in Lao and Cambodia;
- BIC provides more than 100 non-life insurance products that meets the needs of most customers.

## BRANCHES

1. **Ha Noi BIDV Insurance Company**
   No. 46-48 Ba Trieu, Hang Bai Ward, Hoan Kiem District, Ha Noi City.
2. **Thang Long BIDV Insurance Company**
   6th floor, Hapulico Complex Tower, No.01 Nguyen Huy Tuong, Thanh Xuan Ward, Ha Noi City.
3. **Dong Bac BIDV Insurance Company**
   No.1, Nguyen Dang Dao, Bac Ninh City.
4. **Vinh Phuc BIDV Insurance Company**
   Vinhphuc Investment - Development and Credit Guarantee Building, Dao Duy Anh Street, Dong Da Ward, Vinh Yen City, Vinh Phuc.
5. **Thai Nguyen BIDV Insurance Company**
   7th floor, No. 653 Luong Ngoc Quyen, Thai Nguyen City.
6. **Hai Phong BIDV Insurance Company**
   Thanh Dat 1 Tower, No. 3 Le Thanh Tong, May To Ward, Ngo Quyen District, Hai Phong City.
7. **Bac Bo BIDV Insurance Company**
   5th floor BIDV Tower, No. 92C Hung Vuong, Vi Xuyen Ward, Nam Dinh City.
8. **Hai Duong BIDV Insurance Company**
   No.115 Tran Hung Dao Street, Tran Hung Dao Ward, Hai Duong City, Hai Duong.
9. **Quang Ninh BIDV Insurance Company**
   No. 88 Le Thanh Tong, Hong Gai Ward, Ha Long City, Quang Ninh.
10. **Bac Trung Bo BIDV Insurance Company**
    8th floor BIDV Tower, No. 08 Le Nin Boulevard, Hung Dung Ward, Vinh City, Nghe An.
11. **Da Nang BIDV Insurance Company**
    No. 40-42 Hung Vuong, Hai Chau District, Da Nang City.
12. **Binh Dinh BIDV Insurance Company**
    No.72 Le Duan, Quy Nhon City, Binh Dinh.
13. **Nam Trung Bo BIDV Insurance Company**
    6th floor, No. 35 2/4 Street, Nha Trang City, Khanh Hoa.
14. **Bac Tay Nguyen BIDV Insurance Company**
    6th floor Duc Long Gia Lai Tower, No. 117 Tran Phu, Dien Hong Ward, Pleiku City.
15. **Tay Nguyen BIDV Insurance Company**
    No. 389 Phan Chu Trinh Street, Tan Loi Ward, Buon Ma Thuoc City, Daklak.
16. **Mien Dong BIDV Insurance Company**
    No. 4-5, Unit 23, Street 3, Tam Hoa Ward, Bien Hoa City, Dong Nai.
17. **Binh Duong BIDV Insurance Company**
    12A floor, Becamex Tower, No. 230 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot City, Binh Duong.
18. **Ho Chi Minh BIDV Insurance Company**
    5th floor, C section, Waseco Building, no. 10, Pho Quang Street, Tan Binh District, Ho Chi Minh City.
19. **Sai Gon BIDV Insurance Company**
    08th floor, No. 472 Nguyen Thi Minh Khai, District 3, Ho Chi Minh City.
20. **Vung Tau BIDV Insurance Company**
    No. 72A Tran Hung Dao, Ward 1, Vung Tau City, Ba Ria - Vung Tau.
21. **Mien Tay BIDV Insurance Company**
    No. 53 - 53A Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City.
22. **Dong Do BIDV Insurance Company**
    No. 263 Cau Giay, Dich Vong Ward, Cau Giay District, Hanoi City
23. **Cuu Long BIDV Insurance Company**
    08th floor Post-Office Tower, No. 71A Nam Ky Khoi Nghia, Ward 4, My Tho City, Tien Giang.
24. **Lao Cai BIDV Insurance Company**
    2th and 3rd floor BIDV Tower, No. 002 Hoang Lien, Duyen Hai Ward, Lao Cai City, Lao Cai.
25. **Tay Bac BIDV Insurance Company**
    4th floor Viettel Son La Tower, No.1 Chu Van Thinh, Son La City.
26. **Ben Thanh BIDV Insurance Company**
    Pearl Plaza 561A Dien Bien Phu, Ward 25, Binh Thanh District, Ho Chi Minh City.



## LAO-VIET INSURANCE COMPANY (LVI)

**Address:** No. 44, Lanxane, Vientianes, Laos

**Business services:** non-life insurance, reinsurance, and financial investment services

**Chartered capital:** 3 million USD

**The ownership rate of BIC:** 65%



## CAMBODIA-VIETNAM INSURANCE COMPANY (CVI)

**Address:** No.398, Monivong Boulevard, Phnom Penh, Cambodia

**Business services:**
Non-life insurance, reinsurance, and financial investment

**Chartered capital: 7 million USD**

# DEVELOPMENT ORIENTATION

## STRATEGIC TARGETS TO 2025:

- To grow to become among the Top 3 largest non-life insurance companies in terms of profitability in Vietnam and Top 3 largest non-life insurance companies in terms of Bancassurance..
- To expand operation scale along with sustainable development, claims quality control, ensuring efficiency and safety in operation.
- To maintain the leading positions in terms of international rating among Vietnam insurance companies.
- To apply modern management skills to optimize the operation of the company and to build corporate culture with high efficiency.
- To strongly apply information technology, diversify insurance banking products and services, improve skills and professionalism in line with best practices, and further develop Bancassurance to gain competitive advantages.



## SUSTAINABLE DEVELOPMENT OBJECTIVES:

BIC understands that sustainable development is a long-term and important target for all enterprises including BIC. Beside business growth, BIC is keenly aware of our need to care for the environment and our social responsibility. BIC commits to connect its business development objectives with environmental and social responsibility, which will be the necessary foundation to ensure the sustainable development of BIC in long term.

BIC has selected and integrated its development goals with some of the 17 Sustainable Development Goals of the United Nations as part of BIC's business growth objectives, as follows:

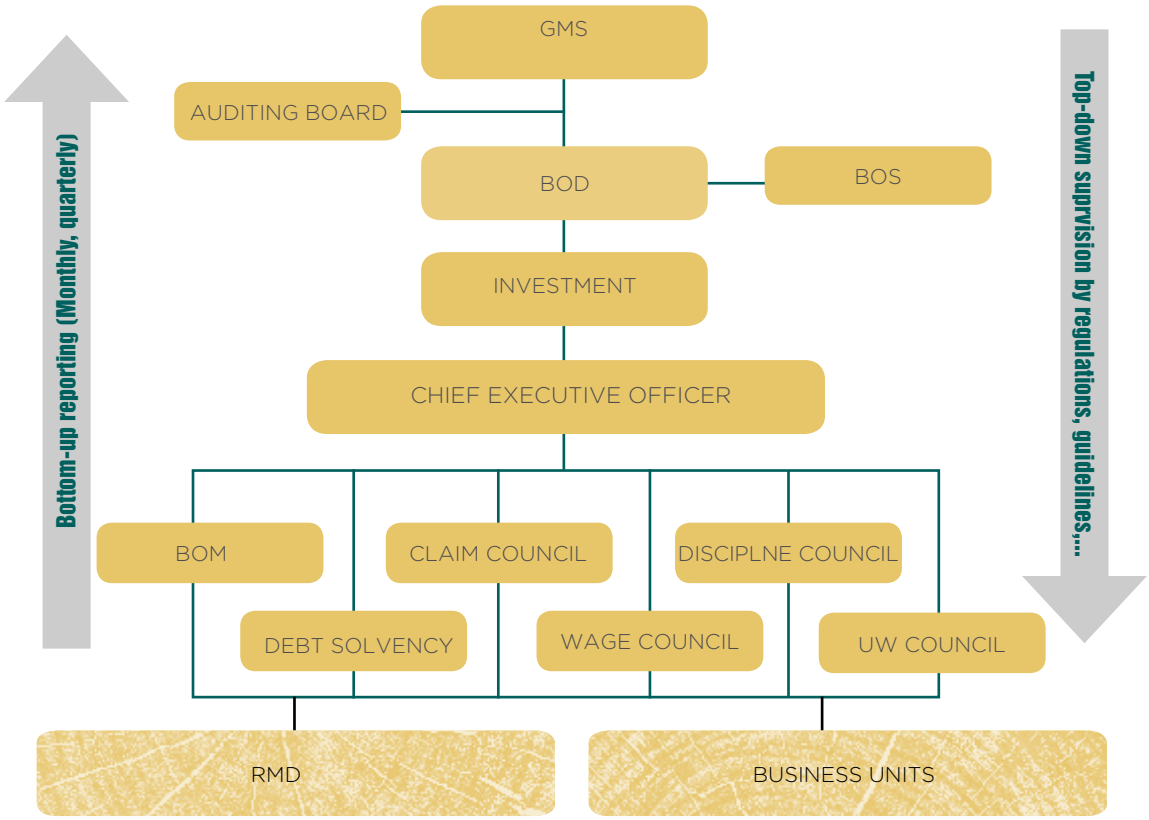
- Promoting sustainable economic growth, creating job opportunities in a responsible and sound manner
- Ensuring a healthy lifestyle and improving social welfare
- Ensuring education quality
- Eradication of hunger and alleviation of poverty

# RISK MANAGEMENT



The primary objective of risk management framework is to protect shareholders from risk and help BIC consistently achieve its objectives. The Board of Directors and Board of Management recognize the importance of an effective risk management system and have established a risk management team with clear functions. A Risk Management Framework and related regulations set out the main risk profile, risk management standards and responsibility of units as well as personnel in business operations.

## BIC'S RISK MANAGEMENT STRUCTURE




**GMS:** General meeting of Shareholders
**BOS:** Board of Supervisors
**BOD:** Board of Directors
**BOM:** Board of Management
**RMD:** Risk Management Division

**Business Units:**

- Underwriting Divisions
- Claims Division
- Reinsurance Division
- Financial Division
- Investment Division
- Subsidiaries

The following are some of the major risks that may affect BIC's business or the performance of BIC's goals:

**Insurance risk:** The primary insurance activity carried out by BIC is the assumption of risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such BIC is exposed to uncertainty surrounding the timing and severity of claims under the contract. Underwriting and reinsurance divisions are responsible for reviewing differences in terms and conditions between BIC's branches and the Insured and for ensuring that all accepted risks are safe. BIC also has exposure to market risk through its insurance and investment activities. BIC manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those that exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues

**Reinsurance risk:** BIC reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each



insured. The amount of each risk retained depends on BIC's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, BIC remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes. Ceded reinsurance contains credit risk, and to minimize such risk, only those reinsurers whose credit rating are either assessed by credit rating agencies or internally assessed by BIC and satisfy BIC criteria are selected for business with the Corporation. BIC strictly follows conditions of overseas reinsurers as detailed in Decree No. 73/2016/NĐ-CP dated July 1, 2016 issued by the Government of Vietnam in order to engage with reputable reinsurers. BIC requires a minimum A- as rated by A.M. Best as part of its reinsurer criteria..

**Capital risk:** The primary capital management objective of BIC is to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. BIC recognizes the impact on shareholders returns from the level of equity capital employed and seeks to maintain a prudent balance. Regulatory capital requirements arising from the operations of the Corporation require BIC to hold sufficient assets to cover liabilities and satisfy solvency margin requirements in Vietnam.

**Market risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risks, such as share price risk.

**Credit risk:** Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables from original insurance and reinsurance activities) and from its financing activities, including deposits at banks and other financial instruments. Another risk is rating downgrade due to bad performance however BIC tries to maintain or improve its A.M. Best rating.

**Liquidity risk:** BIC has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. BIC manages this risk by monitoring and setting an appropriate level of operating funds to pay these liabilities. The solvency requirements of BIC now are higher than those set out in Circular No. 50/2017/TT-BTC dated May 15, 2017 issued by the Ministry of Finance and Decree No. 73/2016/NĐ-CP dated July 1, 2016 issued by the Government of Vietnam.

**Legal risk:** Risk on violating law provisions such as violating the regulations on compulsory insurance, premiums, insurance payment periods. Non-compliance or failure to promptly update processes under the current law provisions may lead to legal risks for BIC. BIC controls these risks by updating and revising regulations, policies, and procedures in accordance with legal regulations and constantly improving legal training for all staff.

**Operating risk** are risks arising during the operation of BIC. BIC regularly conducts internal inspection to check, detect and correct operational mistakes to minimize these risks.





# BUSINESS PERFORMANCE

# NON-LIFE INSURANCE MARKET IN 2019

## VIETNAM'S ECONOMIC SITUATION IN 2019

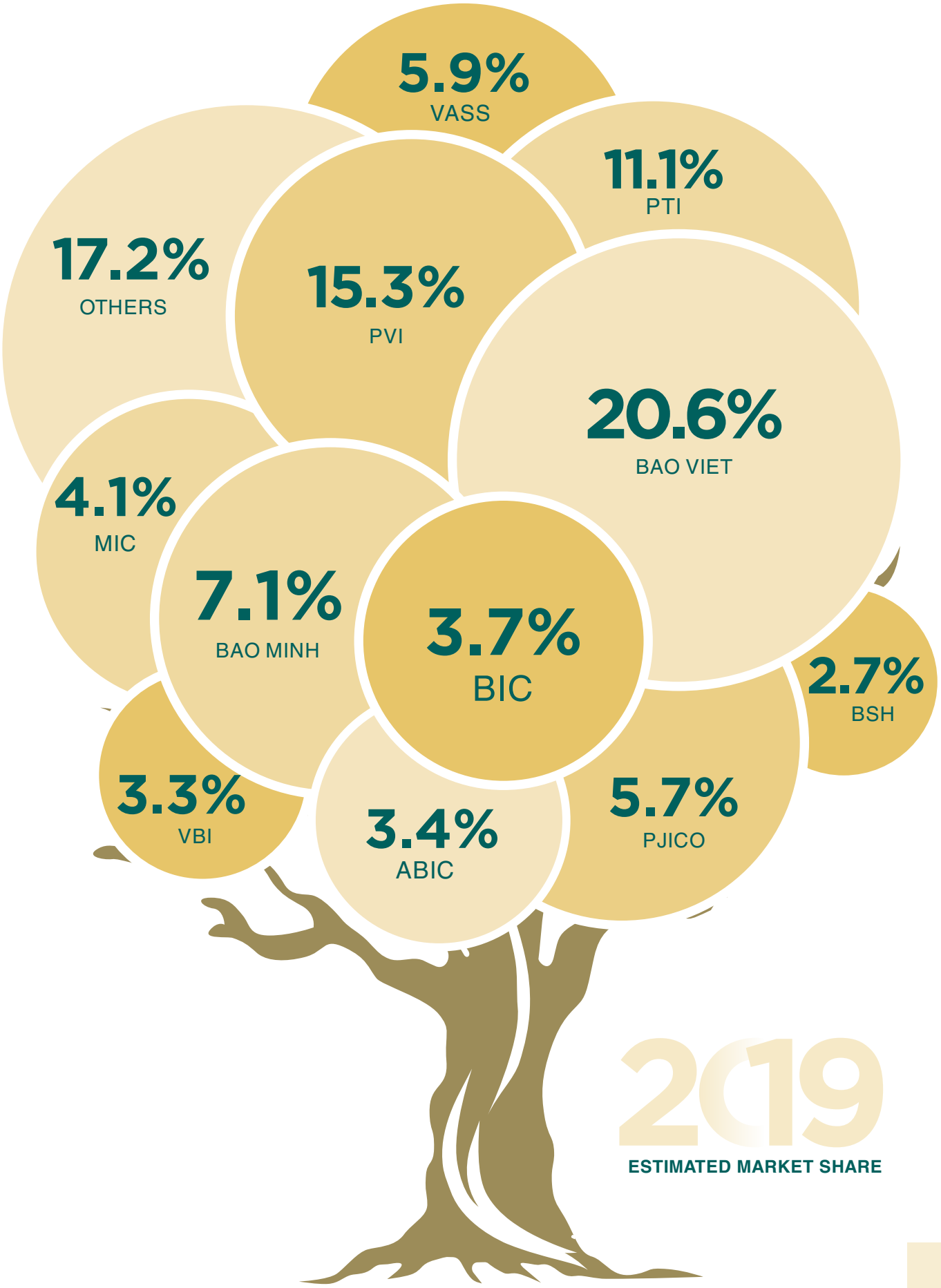
Vietnam socio-economy in 2019 took place in the context of the world economic situation continued to slow down. Trade tensions between the US and China as well as geopolitical issues have significantly increased the instability of the global trading system, causing significant impacts on business confidence, global trade and investment decisions. Unpredictable fluctuations in the international financial - monetary market, complicated oil prices impacted on credit growth, psychology, and market expectations. Domestically, besides the advantages from positive growth results in 2018, the macro economy was stable but also faced many difficulties and challenges; slow growth of some key export products;

Disbursement of public investment did not reach the plan.

GDP in 2019 achieved impressive results with a growth rate of 7.02%. In the overall growth of the economy, the agriculture, forestry, and fishery increased by 2.01%, contributed 4.6% to the overall growth; industry and construction increased by 8.90%, contributed 50.4%; the service sector increased by 7.3%, contributed 45%. Among service sector, finance, banking and insurance increased by 8.62%.

## NON-LIFE INSURANCE MARKET OF VIETNAM FOR 2019

Insurance market in 2019 continues to achieve high growth rates. Total estimated gross written premium of the market in 2019 reached VND 160.2 trillion, increased 20.3% compared to 2018, in which the gross written premium of life insurance reached VND 107.8 trillion, increased by 25.1%; the gross written premium of non-life insurance reached VND 52.4 trillion, increased by 11.6%.




2019

**ESTIMATED MARKET SHARE**

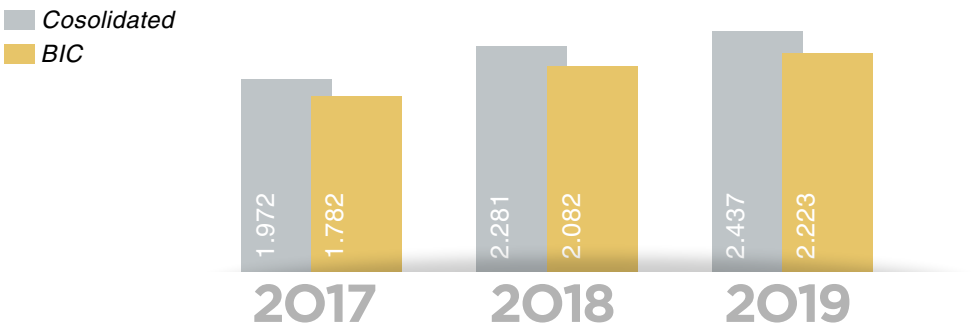
# BUSINESS PERFORMANCE

## GROSS WRITTEN PREMIUM

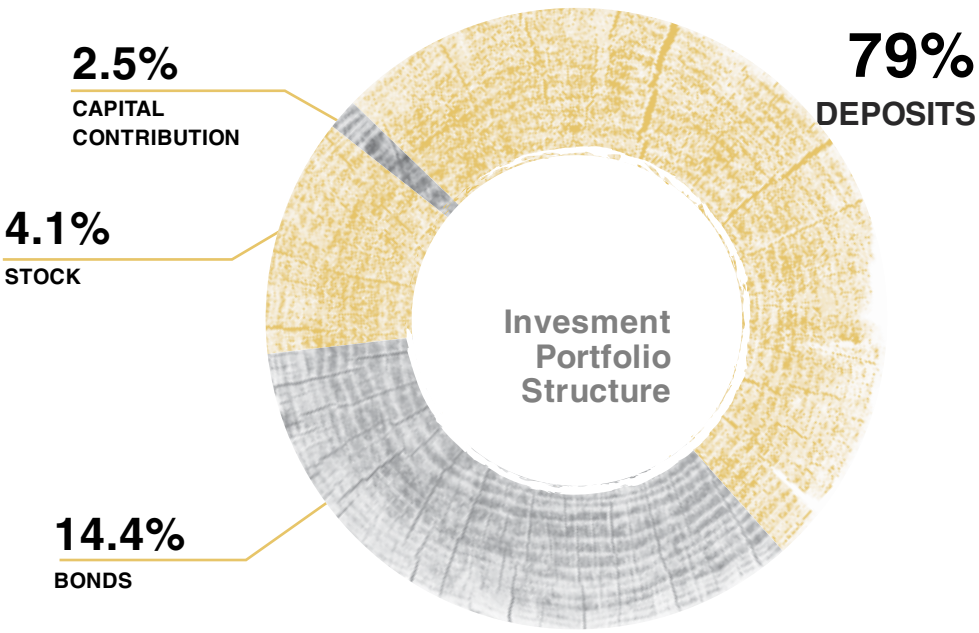
Consolidated gross written premium (BIC and LVI) reached VND 2,437 billion, an increase of 6.8% compared to 2018, of which, direct written premium increased by 12.4%, inward premium decreased by 48.9% due to reinsurance porfolio re-structure.

Gross written premium of the parent company - BIC in 2019 reached VND 2,223 billion, an increase of 6.7% compared to that of 2018, of which, the direct written premium grew by 13% and inward reinsurance decreased by 30.2% due to restructuring of reinsurance operations.

**Gross written premium**
*Unit: Billion VND*




## FINANCE AND INVESTMENT





**Profit from invesment:**

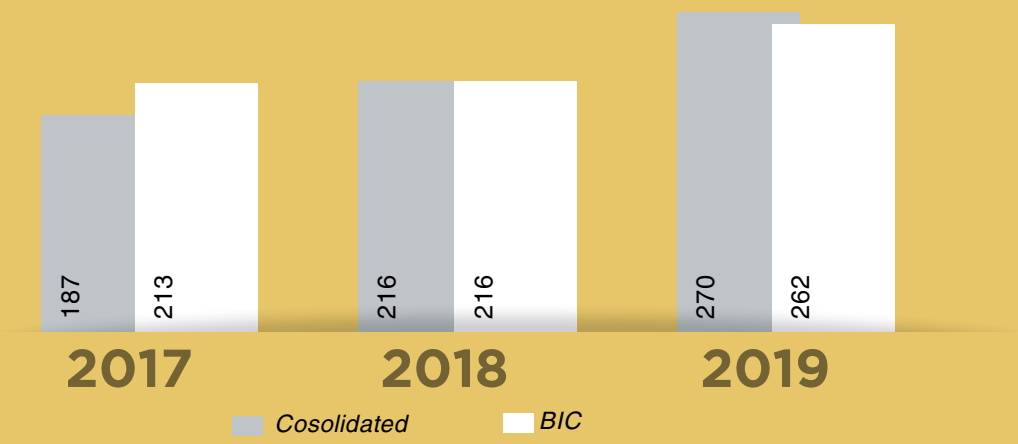
Total consolidated profit from investment (BIC and LVI) in 2019 reached VND 264.2 billion, an increase of 10.7% compared to 2018.

BIC's separate profit from investments reached VND 254 billion, an increase of 6.7% compared to 2018.

## PROFIT BEFORE TAX

Total consolidated profit before tax (BIC and LVI) in 2019 reached VND 270.2 billion outperforming PBT plan of VND 223 billion.

**Profit before tax** *Unit: Billion dong*




Separate pre-tax profit of the parent company in 2019 reached VND 262 billion, an increase of 21.3% compared to that of 2018.

## BOARD OF MANAGEMENT:

(ON FEBRUARY 28, 2019)



CHIEF EXECUTIVE OFFICER

MR. **TRAN HOAI AN**

Prior to joining BIC in 2009 Mr. Tran Hoai An was a leading official in the Customs sector. With BIC Mr. An has successfully led and managed both the BIC Binh Dinh and BIC Ho Chi Minh branches before becoming Deputy General Director of BIC on April 1st, 2013 overseeing customer development in the Southern region cum Director of the BIDV Ho Chi Minh Branch. On October 31st, 2014, BIC's Board of Directors issued Decision No. 189/QD-HDQT appointing Mr. Tran Hoai An, CEO of BIC from November 1st, 2014.

*Ownership rate:*
0,0003%



DEPUTY GENERAL MANAGER

MS. **DOAN THI THU HUYEN**

Ms. Doan Thi Thu Huyen has many years of experience at BIDV with many important positions in Human Resources. Formerly Ms. Huyen was the Deputy Director of Human Resources for BIDV before being appointed as Deputy General Director of BIC.

Ms. Huyen has been a Deputy General Director of BIC since May 1st, 2012.



DEPUTY GENERAL MANAGER

MR. **TRAN TRUNG TINH**

Mr. Tran Trung Tinh is a well-regarded professional in the Vietnamese insurance market. Prior to joining BIC, Mr. Tinh held many significant positions in large insurance companies such as Deputy Head of the Non-Marine Department, Deputy Head of Property and Engineering Insurance Department of Ho Chi Minh Insurance Company - Hanoi Branch, Head of Property and Engineering Insurance Department of Bao Minh Insurance Corporation - Hanoi Branch, Deputy Director of Bao Minh - Hanoi Branch, Head of Business Development Department of BIC.

Mr. Tinh was first appointed Deputy Director of BIC on October 1st, 2008 and Chief Underwriting Officer of BIC on October 1st, 2010.

# ORGANIZATION STRUCTURE



DEPUTY GENERAL MANAGER

MR. **VU MINH HAI**

Mr. Vu Minh Hai has been with BIC since 2007 and has held important positions such as Deputy Head of Claims and Survey Department at Head Office and, Deputy Director in charge of BIC - West Ha Noi Branch (now BIC Thang Long). Mr. Hai formerly served as CEO of Lao-Viet Insurance Joint Venture Company (LVI) from March 2009 until April 2012.

Mr. Vu Minh Hai was first appointed Deputy General Director of BIC on April 16th, 2012.



DEPUTY GENERAL MANAGER

MR. **HUYNH QUOC VIET**

Mr. Huynh Quoc Viet has been with BIC since its establishment and throughout his time at BIC has held many important positions such as Head of Sales Department, Ho Chi Minh City Branch, Viet Uc JV Insurance Company; Deputy Director and Acting Director of BIC's Ho Chi Minh City Branch; Director of BIC Ho Chi Minh Branch and Director of BIC Saigon Branch.

Mr. Viet was officially appointed as Deputy General Manager of BIC on November 1st, 2015.



CHIEF ACCOUNTANT

MS. **NGUYEN THANH MAI**

Ms. Nguyen Thanh Mai joined BIC in 2007 and has held many significant positions such as: Deputy Head of the Finance and Accounting Department; Head of the Accounting Department, Deputy Director, Acting Director of Finance and Accounting Division.

On April 10, 2018, Ms. Nguyen Thanh Mai was assigned duties of the Chief Accountant and currently holds the position of Acting Director of the Finance and Accounting Division.

# STAFF AND EMPLOYEE POLICY

**NUMBER OF STAFF**



**2019**
1,014
EMPLOYEES



**2013**
628
EMPLOYEES

**2014**
693
EMPLOYEES

**2015**
755
EMPLOYEES

**2016**
889
EMPLOYEES

**2017**
898
EMPLOYEES

**2018**
960
EMPLOYEES



**2006**
118
EMPLOYEES

**2007**
265
EMPLOYEES

**2008**
390
EMPLOYEES

**2009**
493
EMPLOYEES

**2010**
515
EMPLOYEES

**2011**
550
EMPLOYEES

**2012**
589
EMPLOYEES

## EMPLOYEE POLICY:

Defining labor as a core factor for sustainable development, BIC focuses to develop human resources in three aspects: benefits policy, training and improvement of living standards for employees.

### Policy for employees

Over the past 14 years BIC has developed an employee policy that is meaningful, unique, competitive, and balances between income and other benefits with the desire to become an ideal environment for employees to work and develop themselves:

**- Salary & bonuses:** BIC staff's salary and bonuses include: monthly salary, monthly sales salary, effective salary (6 months and 1 year), bonus for individuals and team reward for good performance. The allowance policy continues from the previous year and includes recruitment allowances, part-time allowances, position allowances and telephone allowances. These allowances are paid in addition to monthly income.

**- Health care for employees:** BIC provides special health care and treatment programs for its employees which include: free annual health checkup, healthcare treatment for employees and their dependents (BIC Care) to help reduce economic burden for access to high quality medical services.

**- Social insurance:** BIC adheres to all Social insurance, Health insurance and unemployment insurance practices required under Vietnamese regulations.

**- Other welfare:** In addition to salary, bonus, social insurance and health care policies, BIC maintains a yearly welfare regime providing uniforms and bonuses distributed on New Year's Day, Lunar New Year, Liberation Day, International Labor Day, Independence Day, National Day, BIC anniversary, annual holiday and Woman's Day.






### Training

BIC recognizes the need for continuous, effective employee training to help staff improve their professional skills and meet their job requirements. In 2019, the total number of training member was 8,387, including training programs organized by Head Office according to the overall plan of the Corporation and internal training programs of branches.

In addition to supporting staff to improve their skills, BIC also placed great importance on assessment of staff throughout the company through online examination software, so BIC could evaluate the effectiveness of training programs and set up a better plan for further training in the future

### Quality of Life Improvement

In order to improve the spirit of solidarity throughout the company and achieve corporate objectives, BIC seeks to enhance the quality of life of all employees through sport, culture and social activities, such as:

- Sports festivals and music competitions organized annually;

- Providing presents and organizing contests (flower arrangement, birthday cake, cooking) on International Women's Day and Vietnamese Women's Day;

- Awarding prizes to children with good academic results and providing gifts on International Children's Day;

- Visiting, distributing gifts, supporting families of staff with challenging circumstances.





# OVERSEAS JOINT-VENTURES

## LAO-VIET INSURANCE COMPANY

### Overall Information

**Company's name:** Lao Viet Insurance Company
**Chartered capital:** USD 3 million
**Registration no.:** 009 - 08/KHDT

**Head office:** No.44, Lanxane, Vientianes, Laos
**Tel:** (+856) 21264975 I **Fax:** (+856) 21264971
**Website:** lvi@laovietinsurance.com

### SHAREHOLDERS

BIDV Insurance Corporation (65%)
Banque pour le Commerce Exterieur Lao (35%)

### BOARD OF DIRECTORS:

Mr **TRAN HOAI AN** - Chairman

Mr **Viengsouk CHOUNTHAVONG** - Vice Chairman

Mr **Bounxort FONGSANITH** - Member

Mr **NGUYEN VIET HAI** - Member/Chief Executive Officer

Mr **PHAM BACH** - Member

### BOARD OF MANAGEMENT

Mr **NGUYEN VIET HAI** - Chief Executive Officer

Mr **VU PHUONG TUAN** - Deputy General Officer

### SCOPE OF OPERATION

Non-life insurance, Reinsurance, Investment.

## 2019 Business performance

*Currency: million LAK*

| No. | Items | 2018 | 2019 | Increase/ Decrease |
|---|---|---|---|---|
| 1 | Total assets | 152,982 | 195,143 | 27.56% |
| 2 | Equity | 33,442 | 30,962 | (7.42%) |
| 3 | Gross written premium | 113,053 | 121,717 | 7.66% |
| 3.1 | Direct written premium | 109,374 | 122,134 | 11.67% |
| 3.2 | Reinsurance | 3,679 | (417) | (111.34%) |
| 4 | Investment income | 3,983 | 5,446 | 36.73% |
| 5 | Net claim ratio | 24.96% | 59.92% | 140.07% |
| 6 | Combined ratio | 100.11% | 133.28% | 33.14% |
| 7 | Profit before tax | 4,701 | 736 | (84.34%) |

*(*) According to the regulations of Laos Ministry of Finance, LVI will make an IBNR reserve of 15% / retained premium from 2019.*

## Improvements in 2019

Gross written premium in 2019 grew by 11.7% as compared to 2018. Expenses were kept within the limit approved by the Board of Directors of LVI. Retail sales, especially the revenue of Binh An Credit (borrower insurance) increased by 116% compared to last year.

## 2020 Business Plan

135,000,000,000 LAK
**DIRECT WRITTEN PREMIUM**

4,750,000,000 LAK
**PROFIT BEFORE TAX**

COMBINED
**RATIO** 96.5%

## CAMBODIA-VIETNAM INSURANCE PLC.

### Overall Information

**Company Name:** Cambodia-Vietnam Insurance Plc.
**Equity:** USD 7,000,000
**Registration No.:** Co. 6037/09E

**Head Office:** No. 398, Monivong Boulevard, Phnom Penh, Kingdom of Cambodia
**Tel:** (+855) 23 212 000 | **Fax:** (+855) 23 215 505
**Website:** www.cvi.com.kh

### SHAREHOLDERS

I.D.C.C. Cambodian Investment and Development Co., Ltd. (51%)
Diamond Island Development Co., Ltd. (29%)
(Canadian Bank Group)
Kasimex Co., Ltd. (10%)
Ms. Brich Bophang (10%)

### BOARD OF DIRECTORS:

Mr **TRAN TRUNG TINH** - Chairman

Mr **VANN CHARLES CHUON** - Vice Chairman

Mr **CHEA CHAN POV**

Ms **HANG CHANTHOU**

Mr **NGUYEN HUY TRUNG**

Mr **NGUYEN DUC NGHIA**

Mr **DANG THE VINH**

### MANAGEMENT TEAM

Mr **NGUYEN HUY TRUNG** - Chief Executive Officer

Mr **VO HUY TOAN** - Deputy Chief Executive Officer

Ms **TAING SOK KIENG** - Deputy Chief Executive Officer

### PRINCIPAL ACTIVITY

General non-life insurance business.

## 2019 Business performance

| NO | ITEMS | 2019 | 2018 | Δ2019 / 2018 |
|---|---|---|---|---|
| 1 | Gross written premium | 7,578,388 | 9,717,084 | (22.01%) |
| 2 | Net revenue from insurance business | 1,558,062 | 1,364,279 | 14.20% |
| 3 | Underwriting profit before tax | 340,785 | 735,318 | (53.65%) |
| 4 | Investment income | 616,851 | 577,385 | 6.84% |
| 5 | Profit before tax | 957,636 | 1,312,703 | (27.05%) |
| 6 | Profit after tax | 579,171 | 826,840 | (29.95%) |
| 7 | Total assets | 20,396,731 | 17,477,321 | 16.70% |
| 8 | Owner's Equity | 9,561,674 | 8,982,503 | 6.45% |
| 9 | Loss ratio | 35.06% | 34.80% | - |

*(Currency: USD)*

## Improvements in 2019

- Continuing to maintain its leading position in the field of Aviation Insurance in the market with major aviation customers such as Cambodia Angkor Air, Sky Angkor, Lanmei Airlines and etc.…
- Promoting non-aviation underwriting such as personal accident, property, liability insurance to ensure a more stable customer portfolio. Especially for the property insurance business last year, CVI focused on developing and promoting through other channels, looking for new customers, especially promote property insurance operations with a growth rate of 17% compared to 2018..

## 2020 Targets

- To continue to focus and maintain leading positions for main lines of business such as aviation, property, engineering… to develop the non-aviation, retail business such as Motor-vehicle, Health Care, personal accident to increase proportion of non-aviation in the whole portfolio to help ensure sustainable long-term growth.
- To focus on developing distribution channels for revenue growth through channels such as Taiwan Bank, Cathay United Bank, BIDC, MB Bank, Sacombank and other Vietnamese banks in Cambodia.
- To developing and register some new products with regulatory agencies for implementation in 2020 such as borrower insurance, professional liability insurance for doctor, lawyer.
- To focus on promoting the deployment of retail products such as motor vehicles, borrower insurance through distribution channels implemented with bank partners.
- To continue to expand the network of garages, clinics, and affiliated hospitals; strictly control the price fixing and follow up the claims process to limit the likelihood of insurance fraud.

# 2019 FINANCIAL INDICATORS

## CONSOLIDATED INDICATORS

| ITEMS | 2017 | 2018 | 2019 |
|---|---|---|---|
| Total assets | 4,716.494 | 5,138.341 | 5,495.640 |
| Equity | 2,095.148 | 2,142.315 | 2,241.285 |
| Gross written premium | 1,972.251 | 2,280.835 | 2,436.860 |
| Direct written premium | 1,842.742 | 2,075.611 | 2,332.076 |
| Reinsurance | 129.509 | 205.224 | 104.784 |
| Investment income | 219.694 | 263.773 | 282.986 |
| Net Claim ratio | 45.24% | 44.40% | 42.48% |
| Profit before tax | 186.455 | 215.807 | 270.212 |
| Total reservations | 2,012.036 | 2,246.052 | 2,483.996 |
| ROE | 6.86% | 7.46% | 9.64% |
| ROA | 3.12% | 3.21% | 3.97% |
| Consolidated profit after tax | 143.229 | 158.124 | 211.317 |

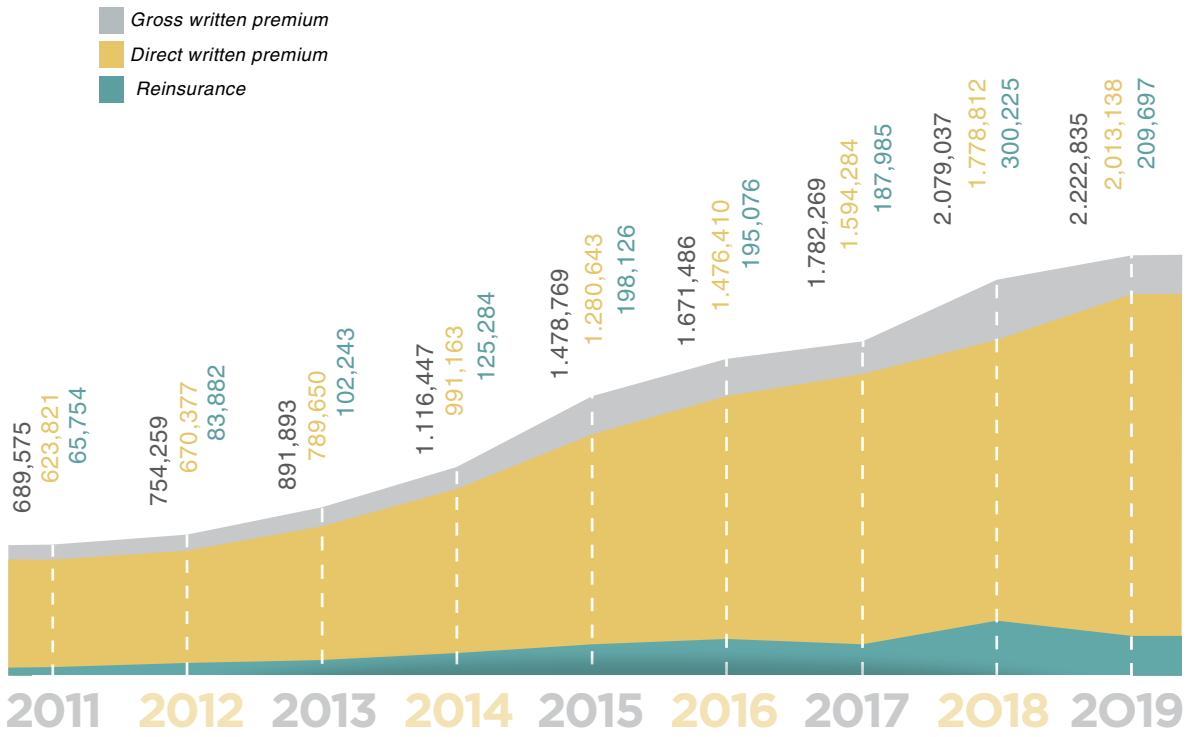
*(Unit: billion dong)*



## BIC BUSINESS INDICATORS (on a standalone basis)

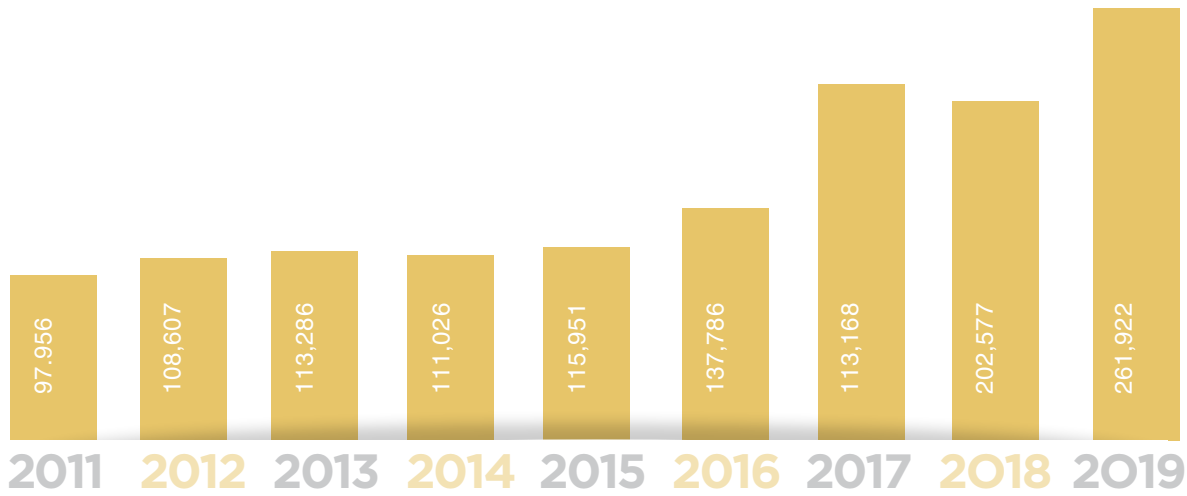
### Gross written premium

*(Unit: million dong)*




### Pre-tax profit

*(Unit: million dong)*

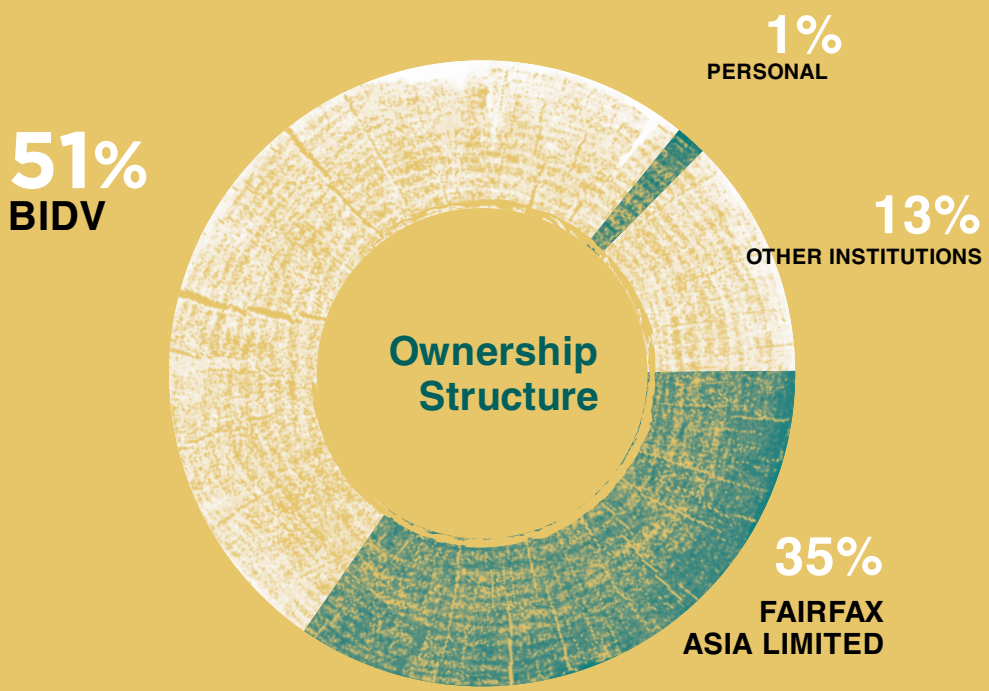


## STOCK INFORMATION, SHAREHOLDER STRUCTURE AND CHANGE IN OWNER'S EQUITY

### Information on BIC's stock

*As at December 31st, 2019*

| | |
|---|---|
| Charter capital | 1,172,768,950,000 dong |
| Number of listed shares | 117,276,895 shares |
| Stock type | Common stock |
| The number of outstanding shares | 117,276,895 shares |
| Treasury stock | 0 stock |
| **Par value** | **10,000 dong/share** |



## INVESTMENT INFORMATION OF THE OWNERS

BIDV Insurance Corporation did not issue shares to increase capital in 2019. Capital contribution of shareholders as at 31/12/2019 remained unchanged from the end of 2018, specifically:

| | COMMON SHARE (VND) | PREFERRED SHARE | TỔNG SỐ (VNĐ) |
|---|---|---|---|
| (VND) | Total (VND) | - | 1.172.768.950.000 |
| Shareholder capital | 1,172,768,950,000 | - | 1,172,768,950,000 |
| Share premium | 655,565,033,362 | - | 655,565,033,362 |

## SHAREHOLDER STRUCTURE

Ownership structure (Basing on List of shareholders as at 19/08/2019).

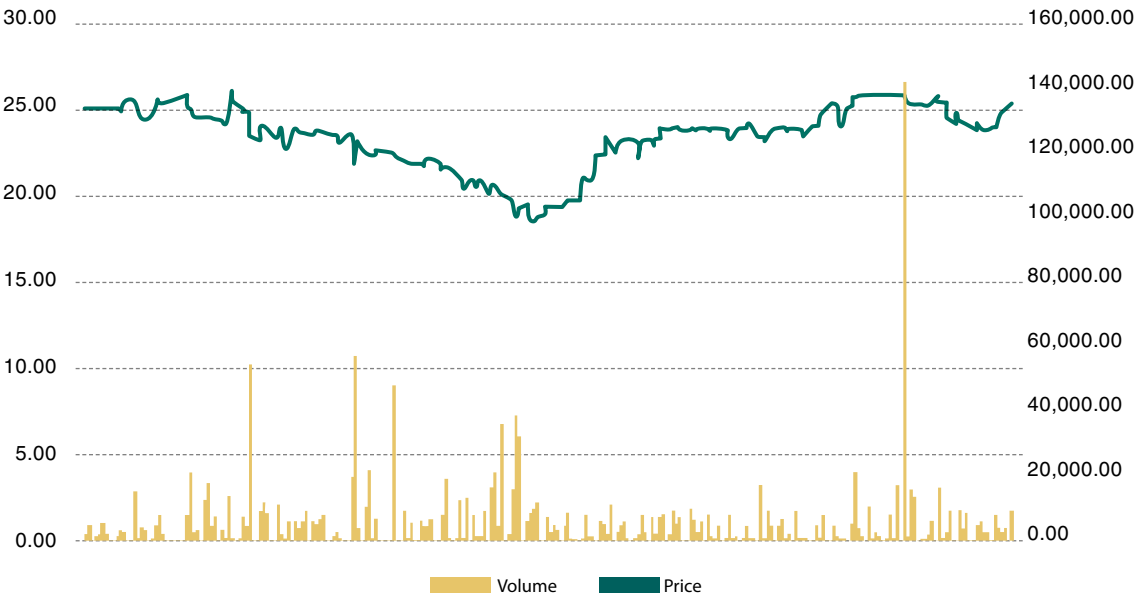
| No. | SUBJECT | NUMBER OF SHARES | OWNERSHIP RATE (%) | NUMBER OF SHAREHOLDERS | SHAREHOLDER STRUCTURE (*) | |
|---|---|---|---|---|---|---|
| | | | | | INSTITUTION | INDIVIDUAL |
| 1 | State shareholder | 59,819,259 | 51.0% | 1 | 1 | |
| 2 | Founding shareholder | | | | | |
| | *- Vietnam:* | | | | | |
| | *- Foreign:* | | | | | |
| 3 | Large shareholder (owns from 5%) | | | | | |
| | *- Vietnam:* | | | | | |
| | *- Foreign: Fairfax Asia Limited* | 41,046,913 | 35.0% | 1 | 1 | |
| 4 | Union | | | | | |
| | *- Vietnam:* | | | | | |
| | *- Foreign:* | | | | | |
| 5 | Treasury share | | | | | |
| 6 | Shareholder with preferred shares (if any) | | | | | |
| 7 | Others | 16,410,723 | 13.99% | 576 | 40 | 536 |
| | *- Vietnam:* | *1,746,767* | *1.49%* | *509* | *13* | *496* |
| | *- Foreign:* | *14,663,956* | *12.50%* | *67* | *27* | *40* |
| **TOTAL** | | **117,276,895** | **100.0%** | **578** | **42** | **536** |
| | ***- Vietnam:*** | ***61,519,901*** | ***52.50%*** | ***510*** | ***14*** | ***496*** |
| | ***- Foreign:*** | ***55,756,994*** | ***47.50%*** | ***68*** | ***28*** | ***40*** |

## BIC STOCK PRICE IN 2019

Trong năm 2019, giá cổ phiếu BIC có mức biến In 2019, BIC's share price did not have much significant change, from about VND 18,500 per share to VND 26,200 per share.

Liquidity of BIC's shares is quite low averaging approximately 7,000 shares traded per session as is commonly the case for listed insurance companies with shares mostly held by domestic and foreign organizations.

### BIC stock movement in 2109








# CORPORATE RESPONSIBILITY

## PROTECTING THE ENVIRONMENT:

As a business operating in the field of financial services, however, BIC is keenly aware of its responsibility to protect the environment and promote green business and strategy of sustainable development. In addition to ensuring business efficiency, BIC prioritizes the following initiatives:

**Establishing a friendly and fresh working environment:** we work to ensure a green, healthy, and safe working environment for employees with proper arrangement of natural amenities and ample natural light in work spaces.

**Energy conservation:** we reduce the use of energy-consuming equipment by applying green initiatives that seek to reduce paper usage, reduce electricity consumption, and promote responsible recycling practices.

**"Green" work processes:** application of advanced software in management, operation and products and services has saved considerable resources for BIC. Some of these initiatives are as follows:

- Online document management software allows employees to keep up to date with Head Office documents and regulations while saving printing and postage.
- Digital signatures for electronic insurance policies (at www.baohiemtructuyen.com.vn) has saved printing and postage costs.
- Online insurance software at banking counters (BIDV and other Bancassurance channels) provides prompt servicing helping to provide greater convenience to our customers
- Building BIC Online mobile application on smart devices (phones, tablets) to help customers submit loss claims directly by the application in order to save time and resources during the process of claim handling and insurance fee payment..

**Ensuring clean, fair, and transparent business practices:** Over the past 14 years of operation, BIC has always emphasized "trust" and fair competition. BIC has become recognized for its sustainable business strategy and efficiency. Despite a very competitive non-life insurance market, BIC still strives to promote healthy competition with prestige and quality through product improvement efforts and quality of customer service. Information transparency is an important factor in the business operations of BIC. Since its foundation, BIC's business results have always been audited by reputable and leading auditing firms. BIC strives to fully disclose information in a timely manner while strictly complying with regulations






## EMPLOYEE POLICY:

BIC acknowledges that employees are the most important resource for sustainable development. BIC always strives to ensure a good working environment for our employees, including:

- Ensuring a proper salary, bonus and material treatment for workers. Income funds are allocated transparently and fairly, in line with the capacity and contribution of each employee. Besides fully implementing the regime policies for employees, BIC continues to maintain a comprehensive package of accident insurance and employee health insurance.

- Organizing professional training courses for new staff, retraining and upgrading professional skills for cadres. BIC also encourages and creates conditions for all staff to train themselves to improve their knowledge. In 2019, the number of employees trained was 8,387.

- Ensuring proper discipline, rules, and labor safety. All staff are equipped with the necessary tools and working environment to ensure the best conditions. There is also a regime of convalescence and health promotion for employees to create peace of mind.

- Well-organized visits, staff recognition and gifts to staff and their families on birthdays, weddings and while suffering from illness, disease. BIC also celebrates national holidays on: 08/3, 30/4, 1/5, 27/7, 2/9, 20/10. Organizing gifts and awards for children of staff with outstanding academic achievements, gifts on the occasion of June 1, Mid-Autumn Festival for staff children.

- In order to encourage and promote company departments and their staff in 2019, BIC has set up many business incentive programs for staffs/branches recognizing outstanding Bancassurance staff. These programs have contributed significantly to the fulfillment of BIC's business plan for 2019.

- Continuous education of staff regarding corruption, work place negativity, and harmful behavior. 100% of employees have committed not to use drugs.










## SOCIAL WELFARE:

In 14 years of operation, BIC is a community leader and responsible business to society. In 2019, BIC continuously put its efforts in community development and contributed to social welfare:

### Development of responsible insurance products::

In parallel with the construction of insurance products for business activities, BIC also developed responsible insurance products. Outstanding among those is borrower insurance product - BIC Binh An. BIC Binh An is a product designed to reduce the burden of debt for relatives and families of the insured in case of sudden accident. This product also helps the bank to recover all or part of the loan when customers lose their ability to pay, thereby reducing the risk of bad debt. In 2019, many big cases of BIC Binh An were recorded, including insurance payments of more than VND 1 billion for a customer who borrowed capital in Gia Lai. Mrs. Tran Thi Ha borrowed more than 1 billion dong at BIDV Gia Lai branch to supplement business capital for

trade agricultural products, at the same time, she participated in the BIC Binh An borrower insurance for the entire loan. Mrs. Ha suffocated carbon monoxide from a house fire and did not survive on January 29, 2019. After the great loss of customers' families, BIC and BIDV Gia Lai branch sent an encouragement and urgently completed procedures to pay insurance for customers as prescribed. The total payment for Mrs. Ha's family was 1.003 billion dong.

### Deployment of social welfare:

BIC's social welfare program is enthusiastically supported by all the staffs. Some of the typical social welfare programs in 2019 were: free meals for poor and disadvantaged patients at the Department of Psychiatry, Bach Mai Hospital (Hanoi); building charity houses; financial support for households affected by floods in Dak Lak; gifts for disadvantaged children for a new school year in Tien Giang, Gia Lai and etc. BIC also participated in social activities of BIDV on the occasion of Mid-Autumn Festival, Lunar New Year and many other voluntary programs nationwide.










SUSTAINABLE
DEVELOPMENT



# ASSESMENT REPORT OF
## BOARD OF MANAGEMENT

# BUSINESS PERFORMANCE

In terms of revenue, written premium of BIC (on a standalone basis) reached VND 2,223 billion, fulfilling more than 100% of target. 2019 was a highly competitive year in the non-life insurance market as many leading insurers prioritized rapid revenue growth. To ensure profitability and fulfillment of the business plan, BIC limited growth of high-risk business and did not compete with others by reducing premium non-technically, which had significant impact on the premium revenue growth.

In terms of profit, BIC fulfilled the consolidated pre-tax profit plan (BIC and LVI) in 2019 with VND 270 billion.

| No | Item | Plan 2019 | Actual 2019 | % |
|---|---|---|---|---|
| 1 | Gross written premium | 2,220 | 2,223 | 100.1% |
| 2 | Consolidated profit before tax | 223 | 270 | 121.1% |

*(Unit: billion VND)*



# ACHIEVEMENTS

## GROSS WRITTEN PREMIUM OF BIC (ON A STANDALONE BASIS) EXCEED VND 2.000 BILLION

BIC has strived to innovate and improve on all aspects including its organizational model, improving the quality of governance, risk management, improving service quality, promotion of retail channel, application of new technology; control of underwriting and claim process. As a result, business activities in 2019 recorded very comprehensive, sustainable results, revenue and profit both increased positively.

Specifically, Gross written premium of BIC (on a standalone basis) exceed VND 2,000 billion, grew by 12.9% compared to 2018. With the orientation of sustainable development, the efficiency indicators of BIC in 2019 have achieved impressive results. Total consolidated profit before tax reached VND 270 billion, up 25.2% compared to last year, completed 121% of the year plan. The combined operating ratio in 2019 is below 100%, helping BIC to gain underwriting profits.

BIC's overseas business results in 2019 also achieved many positive results. In Laos, LVI's written premium has good growth rate compared to 2018, at 12%. It helps the company continue to maintain its second position in market share of revenue and the leading position in profitability. In the Cambodian market, CVI continued to maintain its leading position in aviation insurance.

GROSS WRITEN PREMIUN OF BIC INCREASED **12.9%**

TOTAL COSOLIDATED PROFIT BEFORE TAX INCREASED **25.2%**

## IMPRESSIVE GROWTH OF BANCASSURANCE CHANNEL AT 70%

With the strength of being a member of one of the largest joint stock commercial banks in Vietnam - BIDV, BIC currently is one of the market leading insurance companies in exploiting insurance through banking systems (Bancassurance). In order to continue developing Bancassurance to a new level, becoming one of the key distribution channels, bringing high revenue and profit for BIC, in 2019, the whole BIC system has strived to continue creating another year of great success of Bancassurance.




In 2019, the Bancassurance revenue grew nearly 70% compared to 2018, completing the plan in the very early days of December 2019. In addition to the BIDV system, Bancassurance activities at other banks and credit institutions have also been initially achieving positive results.

## B++ RATING IS RECONFIRMED BY A.M. BEST

In 2019, A.M. Best reconfirmed BIC's Financial Strength Rating at B++ and its Long-Term Issuer Credit Rating at bbb. The outlook of these Credit Ratings was stable.

The ranking result is recognized by A.M. Best on the basis of a comprehensive assessment of BIC's activities over the years, including: financial capacity, business results, operational efficiency, and risk management system.

Specifically, the financial strength shown by the risk-based capitalization capacity of BIC continues to be maintained at the highest level. Underwriting performance continuously achieved good results with the average of 5-year

combined ratio (2014 - 2018) at 99.1%. BIC's risk management framework is considered by A.M.Best to be appropriate for its size and operational practice. At the same time, it was continuously strengthened with the support of BIDV - the parent bank and its strategic partner Fairfax. In 2018, BIC's total consolidated premium revenue exceeded VND 2.2 trillion (equivalent to US $ 98 million). There is 90% of revenue comes from the domestic market and focusing on motor vehicle insurance, property insurance, health insurance and personal accident insurance.

## COMMUNITY RECOGNITION

With the growth rate of direct written premium higher than the market average in parallel with high efficiency from business operations, in 2019, BIC was honored to be recognized as one of the 500 fastest growing enterprises in Vietnam according to the Top 500 Vietnam's fastest growing enterprises (FAST500) in 2019. The FAST500 ranking is based on the independent research and evaluation results of Vietnam Report Joint Stock Company (Vietnam Report), officially published in 2011. Ranking of enterprises in the Ranking Table is arranged based on the Compounded Annual Growth rate (CAGR) in terms of revenue and business performance. In addition, criteria such as total assets, total labor, profit after tax and corporate reputation and etc are also used as supporting factors to determine the size and position of businesses in the industry.

In addition to recognition from FAST500, in 2019, BIC was also honored with many other prestigious awards such as: Top 10 Most Prestigious Non-life Insurance Company in Vietnam, Top 500 Largest Enterprise in Vietnam according to Vietnam Report, Top 100 Strongest Brand in Vietnam according to the Vietnam Economic Times and etc.

## STRENGTHEN THE APPLICATION OF ELECTRONIC INSURANCE CERTIFICATES AND ELECTRONIC INVOICES

In 2019, BIC continues to apply electronic insurance certificates in providing personal insurance products. The highlight of electronic insurance certificate is that customers can receive the certificate immediately after payment. Customers no longer have to wait to receive the certificate of insurance via courier (EMS) or wait for an insurance company officer to come and issue it. The legality of an electronic insurance certificate is equivalent to a hard copy. All customers' rights are guaranteed when using Electronic Insurance Certificate.

Beside issuing electronic insurance certificates, BIC is also developing electronic invoices for premium collection transactions nationwide from 2020. Using electronic invoices will bring customers convenience, time saving and meet the requirements of information security, storage, as well as easier lookup of invoices.



# FOCUS FOR 2020



**Focusing on growth parallel with efficiency, safety, sustainability, increasing market share and BIC's position in Vietnam's non-life insurance market.**

**Reviewing and optimizing underwriting process, strengthen the close coordination between divisions at Head Office, between Head Office and Branches**

**Implementing Information Technology project.**

**Promoting cross-selling products through the banking system, increase revenue from Bancassurance**

**Adjusting the organizational model to suit business requirements for the coming period**

**Relocation of headquarter.**

# ASSESMENT OF BOARD OF DIRECTORS ON BIC'S PERFORMANCE

# ASSESSMENT OF OPERATIONS

## In 2019, BIC continued to pursue sustainable growth and had relatively satisfactory results.

**IN TERMS OF BUSINESS RESULTS,** BIC achieved a growth rate of 13% in direct written premium, higher than Vietnam's non-life insurance market growth rate and continued to maintain its 8th position in market share by GWP. In terms of profit, BIC was still one of the most profitable insurance companies in the market. In 2019, A.M. Best reconfirmed the Financial Strength of BIC at B++ and the Long-Term Issuer Credit Rating at "bbb". The outlook of these Ratings was Stable

BIC continued to be the leading unit among BIDV's member companies and was ranked as exceeding fulfillment of 2019 business targets.

**OTHER ACTIVITIES:**

- *Risk management:* BIC continued to strengthen the risk management function and implement the Risk Management Framework.
- *Technical Assistance program from Fairfax:* In 2019, BIC continued to receive support from its strategic shareholder across the main workstreams of: IT, Distribution channels, New product development, Risk Management, Business policies, Human Resources, Bancassurance, Investment Management, Reinsurance & Marketing...
- *Products and distribution channels development:* In 2019, BIC continued to promote and expand its insurance business through banks and credit institutions. Besides, BIC also continued to restructure its product portfolio towards efficiency and made profit from insurance business.
- *Providing input to state agencies:* BIC has actively contributed comment and input to documents as well as drafted regulations to related management agencies such as the Ministry of Finance and the Vietnam Insurance Association.




- *Social Responsibility:* BIC is gradually moving towards sustainable development and increased society responsibilities. BIC emphasize care for staff and improvement in living standards thus creating a dynamic and youthful working environment and opportunities. BIC also engages in many meaningful volunteer activities, particularly with regards to special circumstances and challenges faced by staff.
- *Environmental Protection:* BIC has taken measures to protect the environment in many different forms, especially in business activities, BIC has many initiatives, and improvements towards green business style such as limiting the use of printers, photocopiers, saving electricity and water, collecting used batteries to take them to concentrated processing, developing and applying information technology to increase labor productivity; saving resources such as online document management software, cloud storage, application of digital signatures in issuing electronic insurance certificate and etc.
- *Responsibility to shareholders:* Implementing the detailed assignment of the business plan objectives approved by the 2019 Annual General Meeting of Shareholders; supervising the implementation of the General Director and direct the whole system to complete the set business targets. Guaranteed to pay dividends to shareholders annually on the basis of business efficiency.

## ASSESSMENT ON THE OPERATION OF

# BOARD OF MANAGEMENT

Following the resolutions of the Board of Directors, The Board of Management has complied with the regulations on governance, management and fulfilled duties assigned by the General Shareholders Meeting and the Board of Directors such as:

- Execution of the business plan, strengthening financial management and claims management to achieve Board of Directors goals for safe, effective and sustainable growth, prioritization of the retail market segment, particularly focusing on development of the Bancassurance with BIDV and other banks. Overall, in 2019, the Board of Management has implemented and completed all the targets assigned by the General Meeting of Shareholders, in which the profit target exceeded 21% of the plan and BIC also had profit from insurance business.
- During the monthly meeting, the General Director periodically carried out the evaluation of the implementation in accordance with the orientation of the Board of Directors at the meetings. The General Director regularly evaluated business results in terms of premium revenue, loss ratio, combined ratio, debt ratio, results according to lines of businesses and branches, considered request/proposals of branches to provide work focus and specific instructions for each member of the Board of Management, Divisions at HO and branches.
- Developed and implemented business plan, assigned KPIs to each division at HO and branches. Initially, the KPI system has brought positive results for the whole system, which is a measure and motivation to strive for individuals and groups.
- Continued to improve the organizational structure, governance, decentralized authority increasing autonomy for branches, regularly adjusted/supplemented authority levels for underwriting, claims settlement, and financial management in accordance with the management capabilities of Branch Directors.
- Expanding and developing sales channels, strengthening cooperation with partners, agents, issuing new products suitable to the needs of the market.

# 2020 BOARD OF DIRECTORS PLAN

- To direct the CEO/Corporation to achieve 2020 targets approved by the AGM;
- To direct implementation of Technical Assistance project with the strategic investor to improve competitiveness and service quality.
- To complete the next steps of the new Core System Project.
- To complete the relocation of the Head office.
- To complete the operation structure and improve the operation mechanism and governance of the Corporation to encourage initiative, increase accountability, enhance competency of all management levels in order to improve competitiveness.
- To enhance risk management for securing sustainable, comprehensive development and meet capital adequacy levels as regulated by law.
- To enhance the internal inspection throughout all operations;
- To carry out the overall plan for training and human resources development in order to meet requirements for further development.
- To strive to achieve all targets to help BIC to continue enhancing sustainable development to ensure the interests of shareholders and all stakeholders.





# GOVERNANCE STRUCTURE

## BOARD OF DIRECTORS



Chairman
**TRAN XUAN HOANG**

Mr Tran Xuan Hoang has many years of experience in finance and Banking. Currently, he is Deputy General Director of BIDV. He held many important positions at BIDV such as Deputy Director of Gia Lai Branch, Deputy Director of Transaction Center 2 Branch, Director of Personnel Division, and Deputy General Director. He was also Vice Chairman of BIC's Board of Directors in the period from September 9, 2010 to November 4, 2013.

Mr. Tran Xuan Hoang was elected to be Chairman of BIC's Board of Directors from April 19, 2019.



Vice Chairman
**RAMASWAMY ATHAPPAN**

Mr. Ramaswamy Athappan is a highly respected figure in the insurance industry with more than 40 years of experience in the fields of insurance and finance. Mr. Athappan is Chairman & Chief Executive Officer of Fairfax Asia Ltd., Chief Executive Officer of MSFCIL (formerly First Capital Insurance Ltd.), Chairman of Singapore Reinsurance Corporation Limited and President Commissioner of P.T. Asuransi Multi Artha Guna Tbk in Indonesia.

Mr. Athappan has served as the Deputy Chairman of BIC since January 29, 2016.



Member

## TRAN HOAI AN

Prior to joining BIC in 2009 Mr. Tran Hoai An was a leading official in the Customs sector. With BIC Mr. An has successfully led and managed both the BIC Binh Dinh and BIC Ho Chi Minh branches before becoming Deputy General Director in BIC on April 1st, 2013 overseeing customer development in the Southern region cum Director of the BIC Ho Chi Minh Branch.

On October 31st, 2014, BIC's Board of Directors issued Decision No. 189/QD-HDQT appointing Mr. An, CEO of BIC from November 1st, 2014. At BIC's Annual General Meeting of Shareholders on April 20, 2015, Mr. Tran Hoai An was elected Member of the BOD. In an effort to manage BIC's operation successfully for the third term 2014-2017, the Board of Directors issued Decision no. 099/QD-HĐQT re-appointing Mr. Tran Hoai An as Chief Executive Officer of BIC with the term of 5 years.

Member

## VO HAI NAM

Mr. Vo Hai Nam has been with BIDV for over 20 years, holding several important positions throughout this time such as Head of the General Affairs Dept, Head of Human Resources Dept 1 - HR Division, Deputy Director of No. 3 Central Transaction Branch, Director of Thanh Xuan Branch and Director of the Corporate Client Division.

Mr. Nam is currently Director of BIDV's Credit Risk Management Division and has been a member of BIC's BOD since April 20th, 2015.

Member

## PHAM THI VAN KHANH

Ms. Pham Thi Van Khanh has held many important positions since joining BIDV in 1999. Ms. Khanh has served in BIDV as Manager of the Investment Division, CEO of BIDV Real Estate Company and Deputy Director of BIDV's Corporate Division.

Currently, Ms. Khanh is Director of BIDV's Small and Medium Enterprise Division.

Ms. Khanh has been a Member of BIC's BOD since January 29th, 2016.



Member

## GOBINATH ARVIND ATHAPPAN

Mr. Gobinath Athappan is the Chief Executive Officer of The Pacific Insurance Berhad in Malaysia and Chief Operating Officer of Fairfax Asia. Gobi has been with various Fairfax Financial Holdings companies for over 17 years including OdysseyRe in the United States.

Gobi also serves as Regional Director of MS First Capital Insurance Ltd. (formerly, First Capital Insurance Limited) and Vice Chairman of Falcon Insurance Company (Hong Kong) Limited.

Gobi holds an MBA from Massachusetts Institute of Technology and a bachelor's degree in Electrical Engineering from the National University of Singapore.

He has been a Member of BIC's BOD since January 29, 2016.

Independent member

## NGUYEN HUY TUA

Mr. Nguyen Huy Tua has over 30 years of experience in finance and banking. Mr. Tua held many important positions at BIDV such as: Deputy Director of Thang Long Branch, Deputy Director of Transaction Center I Branch, Director of Credit Management Division, Director of Transaction Center III Branch, Member of Board of Directors and Head of Supervisory Board, Member of Board of Directors. He retired in 2017.

Mr. Nguyen Huy Tua was elected by shareholders to be an independent member of BIC' BOD from April 19, 2019

Independent member

## DANG THE VINH

Mr. Dang The Vinh has over 30 years of experience in insurance and held important positions in many insurance companies such as: Vietnam Insurance Corporation, UIC, Bao Minh, PTI, VinaRe.

Mr. Dang The Vinh was elected by shareholders to be an independent member of BIC's BOD from April 19, 2019

# COMMITTEES

## INVESTMENT COMMITTEE

| STT | MEMBER | POSITION |
|---|---|---|
| 1 | Mr. Tran Xuan Hoang | Chairman |
| 2 | Mr. Yi Sang | Vice Chairman |
| 3 | Mr. Tran Hoai An | Member |
| 4 | Mr. Nguyen Huy Tua | Member |
| 5 | Mr. Sam Chan | Member |

### Operation of the Investment Committee

The Investment Committee held two meetings on March 13, 2019 and December 12, 2019. The first meeting was to evaluate the results of financial investments in 2018 and guiding BIC's investment orientation for 2019. The next Investment Committee Meeting was to analyze and evaluate BIC's investment performance in the first 9 months of 2019 and plan for 2020.



# REPORT ON BOARD OF DIRECTORS

## LIST OF INTERNAL SHAREHOLDERS OF BIC (AS AT 31/12/2019)

| No. | FULL NAME | POSITION | THE NUMBER OF SHARES | PERCENTAGE OF SHARES |
|---|---|---|---|---|
| 1 | Tran Xuan Hoang | Chairman | | |
| 2 | Ramaswamy Athappan | Vice Chairman | - | |
| 3 | Tran Hoai An | Member of BOD/ CEO | 37,950 | 0.0003% |
| 4 | Gobinath Athappan | Member of BOD | - | |
| 5 | Pham Thi Van Khanh | Member of BOD | - | |
| 6 | Vo Hai Nam | Member of BOD | - | |
| 7 | Nguyen Huy Tua | Member of BOD | - | |
| 8 | Dang The Vinh | Member of BOD | - | |
| 9 | Tran Trung Tinh | Deputy General Officer | - | |
| 10 | Doan Thi Thu Huyen | Deputy General Officer | - | |
| 11 | Vu Minh Hai | Deputy General Officer | - | |
| 12 | Huynh Quoc Viet | Deputy General Officer | 7 | 0.0000% |
| 13 | Lai Ngan Giang | Head of BOS | - | |
| 14 | Nguyen Trung Kien | Member of BOS | - | |
| 15 | Nguyen Thanh Cong | Member of BOS | - | |
| 16 | Zainul Abidin Rasheed | Member of BOS | - | |
| 17 | Osith Ramanathan | Member of BOS | - | |
| 18 | Nguyen Thanh Mai | Chief Accountant | | |

In 2019, the BOD held 04 meeting sessions the seventeen, eighteen, nighteen and twenty sessions the BOD.

| NO. | BOD MEMBER | POSITION | NUMBER OF MEETINGS ATTENDED | ATTEND-ANCE RATE | REASON FOR ABSENCE |
|---|---|---|---|---|---|
| 1 | Tran Xuan Hoang | Chairman | 03 | 75% | Not yet appointed |
| 2 | Ramaswamy Athappan | Vice Chairman | 04 | 100% | |
| 3 | Tran Hoai An | Member | 04 | 100% | |
| 4 | Gobinath Athappan | Member | 04 | 100% | |
| 5 | Vo Hai Nam | Member | 04 | 100% | |
| 6 | Pham Thi Van Khanh | Member | 04 | 75% | |
| 7 | Nguyen Huy Tua | Member | 03 | 75% | Not yet appointed |
| 8 | Dang The Vinh | Member | 03 | | Not yet appointed |

Issues arising between BOD meetings are exchanged, discussed, and decided in writing or by email and confirmed at the next meeting.

# BOARD OF SUPERVISORS OPERATION REPORT

## BOARD OF SUPERVISORS



**HEAD**

MS LAI NGAN GIANG

Mrs. Giang has many years of experience working in insurance. Before joining BIC, Mrs. Giang held several positions in notable non-life insurance companies such as: Deputy Manager of Finance and Accounting Department of Post-Telecommunication Joint Stock Insurance Corporation, Deputy Director of Finance and Accounting Division of PVI Insurance Corporation. While with BIC, Mrs. Giang has served in the following positions: Deputy Manager of Internal Audit Department, Deputy Manager of Finance and Accounting Department; Deputy Director & Director of Finance and Accounting Division and Chief Accountant.

On 10 April 2018, Mrs. Lai Ngan Giang was elected by shareholders to be a Member of BIC's Board of Supervisors and is currently the Head of the BOS.



**MEMBER**

MR NGUYEN TRUNG KIEN

Mr. Nguyen Trung Kien joined BIDV in late 1999 and has held various positions in the Banking settlement system project unit, SIBS management and expansion unit and the Accounting Division of the BIDV Quang Trung Branch.

Currently, Mr. Kien is Director of BIDV's ALCO Division.



**MEMBER**

MR NGUYEN THANH CONG

Mr. Nguyen Thanh Cong has many years of experience in the financial, accounting and insurance sectors.

Mr. Cong is currently Deputy Director of Accounting at Vietnam National Reinsurance Joint Stock Corporation (VinaRe).

**MEMBER**

MR ZAINUL ABIDIN RASHEED

Mr. Zainul Abidin Rasheed was Senior Minister of State for the Ministry of Foreign Affairs, Singapore from 2006-2011. Mr. Zainul has also held various key positions in the public service sector, media industry, the trade union movement and community development programs.

Mr. Zainul Abidin Rasheed was elected by the shareholders as a Member of BIC's Board of Supervisors on January 29, 2016.





**MEMBER**

MR OSITH RAMANATHAN

Mr. Osith Ramanathan has more than 25 years working experience in various organizations which includes an advisory firm that focuses on start-up transportation-related ventures, a trade and investment promotion consultancy and a private investment holding company focusing on managing a portfolio of listed equity, fixed income and other investment assets.

Mr. Osith Ramanathan was elected by the shareholders as a Member of BIC's Board of Supervisors on January 29, 2016.

## BOARD OF SUPERVISORS OPERATIONS

The Board of Supervisors fully completed their responsibilities and tasks as assigned by the General Shareholders in 2019, including monitoring, checking and supervising the governance, management and business performance of BIC as follows:

- Supervised the governance and management of the Board of Directors and Board of Management;
- Supervised the implementation of Resolutions of the General Shareholders, the Board of Directors and the Board of Management;
- Independently verified 6-month and annual financial statements;
- Evaluated on a quarterly basis the relevance, legality, honesty and prudence of financial management, investment, business management and accounting to propose recommendations to the Board of Directors and the Board of Management;
- In addition to discussing via email, the Board of Supervisors held meetings twice in 2019. Members of the Board of Supervisors fully implemented, completed assigned tasks, attended all periodic meetings, participated in discussions, and voted on issues and content under the functions and tasks of the Board of Supervisors.



# TRANSACTION AND REMUNERATION OF THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS

Based on the Decision No.01/2019/NQ-DHDCD dated 19/04/2019 by the General Meeting of Shareholders of BIC, the approved 2019 budget of remuneration is as follows:

## REMUNERATION OF THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS

For part-time members: equal to 0.35% of profit before tax (BIC stand alone) in 2019. The specific payment is approved by the Board of Directors.

For full-time members: according to BIC's salary scale and is approved by the Board of Directors.

## MEETING ALLOWANCE FOR SECRETARIAT:

- According to each regular or irregular meeting due to work requirements, the Secretariat will receive an additional fixed rate of attendance at the meeting;
- Fixed allowance for Secretariat members is VND 3 million for each BOD/BOS meeting.

## INTERNAL SHAREHOLDER TRANSACTIONS

No internal shareholder transactions were recorded in 2019.



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85 Consolidated cash flow statement



# CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Ref: 60755012/21268698-HN

# INDEPENDENT AUDITORS' REPORT

To: The Shareholders
BIDV Insurance Joint Stock Corporation

We have audited the accompanying consolidated financial statements of BIDV Insurance Joint Stock Corporation and its subsidiary (collectively referred to as "the Corporation") as prepared on 11 February 2020 and set out on pages 6 to 75, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

## Management's responsibility

Management of the Corporation is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

## Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Corporation and its subsidiary as at 31 December 2019 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

## Emphasis of matter

We draw attention to Note 38 - Corresponding figures to the financial statement which describes the restatement made by the Corporation for corresponding figures of the financial statements according to Report of State Audit Office of Vietnam in Official letter No 1506/TB-KTNN dated 2 October 2019 announcing result of their audit at BIDV Insurance Joint Stock Corporation.

Our opinion is not modified in respect of this matter.

**Ernst & Young Vietnam Limited**






**TRINH HOANG ANH**
**Partner**
**Audit Practising Registration**
**Certificate No.: 2071-2018-004-1**

**NGUYEN VAN TRUNG**
**Auditor**
**Audit Practising Registration**
**Certificate No.: 3847-2016-004-1**

Hanoi, Vietnam
11 February 2020

# CONSOLIDATED BALANCE SHEET



| CODE | ITEMS | NOTES | ENDING BALANCE | BEGINNING BALANCE (RESTATED) |
|---|---|---|---|---|
| 100 | A. CURRENT ASSETS | | 4,222,605,120,708 | 4,679,987,771,520 |
| 110 | I. Cash and cash equivalents | 4 | 119,341,101,387 | 99,928,524,532 |
| 111 | 1. Cash | | 119,341,101,387 | 65,950,317,685 |
| 112 | 2. Cash equivalents | | - | 33,978,206,847 |
| 120 | II. Short-term investments | | 2,397,542,766,222 | 2,912,140,036,446 |
| 121 | 1. Trading securities | 5.1 | 173,269,998,094 | 108,877,373,944 |
| 122 | 2. Provision for trading securities | 5.1 | (2.223.992.662) | (661.117.000) |
| 123 | 3. Held-to-maturity investments | 5.2 | 2,226,496,760,790 | 2,803,923,779,502 |
| 130 | III. Short-term receivables | 6 | 421,236,925,076 | 482,576,994,194 |
| 131 | 1. Short-term trade receivables | | 299,092,883,762 | 363,253,844,240 |
| 131.1 | 1.1. Insurance receivables | | 297,664,577,140 | 362,968,721,906 |
| 131.2 | 1.2.Other trade receivables | | 1,428,306,622 | 285,122,334 |
| 132 | 2. Short-term advances to suppliers | | 415,132,233 | 720,783,096 |
| 136 | 3. Other receivables | | 170,607,133,739 | 156,786,482,320 |
| 137 | 4. Allowance for doubtful debts | | (48,878,224,658) | (38,184,115,462) |
| 140 | IV. Inventories | | 178,967,915 | 493,063,160 |
| 141 | 1. Inventories | | 178,967,915 | 493,063,160 |
| 150 | V. Other short-term assets | | 137,694,069,865 | 125,935,821,234 |
| 151 | 1. Prepaid expenses | | 137,457,830,510 | 125,760,425,753 |
| 151.1 | 1.1. Unallocated commission expense | 7 | 134,772,159,808 | 123,535,343,310 |
| 151.2 | 1.2. Other prepaid expenses | | 2,685,670,702 | 2,225,082,443 |
| 152 | 2. 2. Deductible VAT | | 236,239,355 | 175,395,481 |
| 190 | VI. Reinsurance assets | 17.1 | 1,146,611,290,243 | 1,058,913,331,954 |
| 191 | 1. Reinsurance assets from unearned premium reserve | | 379,082,993,551 | 415,260,536,023 |
| 192 | 2. Reinsurance assets from claim reserve | | 767,528,296,692 | 643,652,795,931 |

| CODE | ITEMS | NOTES | ENDING BALANCE | BEGINNING BALANCE (RESTATED) |
|---|---|---|---|---|
| 200 | B. NON-CURRENT ASSETS | | 1,273,034,453,023 | 458,353,339,235 |
| 210 | I. Long-term receivables | | 35,308,659,703 | 33,923,512,800 |
| 216 | 1. Other long-term receivables | | 35,308,659,703 | 33,923,512,800 |
| 216.1 | 1.1. Statutory deposit | 8 | 32,576,427,210 | 31,199,509,207 |
| 216.2 | 1.2. Other long-term receivables | | 2,732,232,493 | 2,724,003,593 |
| 220 | II. Fixed assets | | 18.187.604.518 | 23.856.855.659 |
| 221 | 1. 1. Tangible fixed assets | 9 | 11.642.730.518 | 17.277.726.568 |
| 222 | Costs | | 75.221.259.683 | 74.342.325.800 |
| 223 | Accumulated depreciation | | (63.578.529.165) | (57.064.599.232) |
| 227 | 2. Intangible assets | 10 | 6.544.874.000 | 6.579.129.091 |
| 228 | Costs | | 6.884.622.203 | 6.885.692.293 |
| 229 | Accumulated depreciation | | (339.748.203) | (306.563.202) |
| 250 | IV. Long-term investments | 5 | 1,219,320,754,370 | 398,550,825,443 |
| 253 | 1. Other long-term investments | 5.3 | 75,907,370,000 | 75,907,370,000 |
| 254 | 2. Provision for impairment of long-term investments | 5.3 | (48,472,440,591) | (50,715,571,068) |
| 255 | 3. Held-to-maturity investments | 5.2 | 1,191,885,824,961 | 373,359,026,511 |
| 260 | V. Other long-term assets | | 217,434,432 | 2,022,145,333 |
| 261 | 1. Long-term prepaid expenses | 11 | 62,392,679 | 529,255,044 |
| 262 | 2. Deferred income tax assets | 30.3 | 155,041,753 | 1,492,890,289 |
| 270 | TOTAL ASSETS | | 5,495,639,573,731 | 5,138,341,110,755 |

# CONSOLIDATED BALANCE SHEET

as at 31 December 2019

| CODE | ITEMS | NOTES | ENDING BALANCE | BEGINNING BALANCE (RESTATED) |
|---|---|---|---|---|
| 300 | C. LIABILITIES | | 3,254,354,777,149 | 2,996,026,001,175 |
| 310 | I. Current liabilities | | 3,253,471,513,199 | 2,994,640,407,401 |
| 311 | 1. Trade payables | 12 | 464,518,308,280 | 471,590,107,168 |
| 311.1 | 1.1. Insurance payables | | 455,702,430,349 | 471,258,273,121 |
| 311.2 | 1.2. Other payables | | 8,815,877,931 | 331,834,047 |
| 312 | 2. Short-term advance from customers | | 14,545,875,377 | 6,396,543,278 |
| 313 | 3. Tax and other statutory obligations | 13 | 27,499,120,387 | 28,789,072,064 |
| 314 | 4. Payables to employees | | 75,050,325,375 | 60,519,137,981 |
| 315 | 5. Short-term accrued expenses | 14 | 60,923,155,598 | 51,147,512,883 |
| 318 | 6. Short-term accrued expenses | | 6,733,081,597 | 6,480,625,230 |
| 318.1 | 7. Un-earned commission revenue | 15 | 78,423,568,876 | 89,195,186,661 |
| 319 | 8. Other short-term payables | 16 | 10,121,546,712 | 20,127,344,260 |
| 320 | 9. Short-term borrowings | | 17,910,873,317 | - |
| 322 | 10. Bonus and welfare funds | | 13,749,738,807 | 14,342,849,584 |
| 329 | 11. Technical reserves | | 2,483,995,918,873 | 2,246,052,028,292 |
| 329.1 | 11.1. Gross un-earned | 17.1 | 1,350,290,922,859 | 1,280,651,440,456 |
| 329.2 | 11.2. Gross claim reserve | 17.1 | 1,000,855,219,216 | 848,012,201,061 |
| 329.3 | 11.3. Catastrophe reserve | 17.2 | 132,849,776,798 | 117,388,386,775 |
| 330 | II. Non-current liabilities | | 883,263,950 | 1,385,593,774 |
| 337 | 1. Other long-term liabilities | 16 | 883,263,950 | 1,385,593,774 |

| CODE | ITEMS | NOTES | ENDING BALANCE | BEGINNING BALANCE (RESTATED) |
|---|---|---|---|---|
| 400 | D. OWNERS' EQUITY | | 2,241,284,796,582 | 2,142,315,109,580 |
| 410 | I. Owners' equity | 18 | 2,241,284,796,582 | 2,142,315,109,580 |
| 411 | 1. Charter capital | | 1,172,768,950,000 | 1,172,768,950,000 |
| 411a | 1.1. Common shares with voting rightst | | 1,172,768,950,000 | 1,172,768,950,000 |
| 412 | 2. Share premium | | 655,565,033,362 | 655,565,033,362 |
| 417 | 3. Foreign exchange differences | | 5,445,075,699 | 6,177,910,716 |
| 418 | 4. Investment and development fund | | 87,052,897,663 | 50,158,477,335 |
| 419 | 5. Statutory reserves | | 62,101,796,413 | 51,483,198,536 |
| 421 | 6. Undistributed earnings | | 233,270,939,417 | 177,253,828,398 |
| 421a | 6.1. Accumulated undistributed earnings of previous years | | 40,271,489,223 | 30,420,555,177 |
| 421b | 6.2. Undistributed earnings of current year | | 192,999,450,194 | 146,833,273,221 |
| 429 | 7. Non-controlling interest | | 25,080,104,028 | 28,907,711,233 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 5,495,639,573,731 | 5,138,341,110,755 |

**MS KIEU THI HONG NHUNG**
**Accountant**
**Finance - Accounting Division**

**MS NGUYEN THANH MAI**
**Deputy Director in - charge**
**Finance - Accounting Division**

**MR TRAN HOAI AN**
**General Director**

Hanoi, Vietnam
**11 February 2020**

# CONSOLIDATED INCOME STATEMENT

PART 1: CONSOLIDATED SUMMARY
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| Code | ITEMS | Current year | Previous year (restated) |
|---|---|---|---|
| 10 | **1. Total operating income** | **1,663,918,650,448** | **1,487,513,108,238** |
| 12 | ***2. Finance income*** | **282,985,591,555** | **263,773,233,566** |
| 13 | 3. Other income | 905,591,628 | 3,340,673,202 |
| 20 | 4. Total direct operating expenses | (1,282,815,006,635) | (1,170,308,851,589) |
| 22 | 5. Finance expenses | (18,770,780,358) | (25,050,533,350) |
| 23 | 6. General and administrative expenses | (375,727,013,187) | (342,017,231,720) |
| 24 | 7. Other expenses | (284,573,595) | (1,442,618,279) |
| **50** | **8. Profit before corporate income tax (50=10+12+13+20+22+23+24)** | 270,212,459,856 | **215.807.780.068** |
| 51 | 9. Current corporate income tax expense | (57,557,759,334) | (56,629,498,351) |
| **52** | **10. Deferred corporate income tax expense** | **(1,337,848,536)** | **(1,054,606,263)** |
| **60** | **11. Net profit for this period after corporate income tax (60=50+51+52)** | **211,316,851,986** | **158,123,675,454** |
| **61** | **12. Net profit after tax attributable to non-controlling interests** | **229,255,152** | **3,206,692,647** |
| **62** | **13. Net profit after tax attributable to equity owners of the parent** | **211,087,596,834** | **154,916,982,807** |
| **70** | **14. Basic earnings per share** | **1,587** | **1,125** |

PART 1: CONSOLIDATED SUMMARY
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (restated) |
|---|---|---|---|---|
| 01 | 1. Insurance revenue (01 = 01.1 + 01.2 + 01.3) | *19* | 2.359.484.052.897 | 2.082.175.307.692 |
| 01.1 | - In which: *Direct written premiums* | | 2,332,075,672,073 | 2,075,610,533,118 |
| 01.2 | - *Reinsurance premium assumed* | | 104,784,449,421 | 205,224,486,802 |
| 01.3 | - *Increase in un-earned premium reserve* | | (77,376,068,597) | (198,659,712,228) |
| 02 | 2. Reinsurance premium ceded (02 = 02.1 + 02.2) | 20 | (900,604,623,730) | (775,845,767,853) |
| 02.1 | In which: *Reinsurance premium ceded* | | (871,514,030,561) | (838,525,044,932) |
| 02.2 | - *Increase/(decrease) in ceded premium reserve* | | (29,090,593,169) | 62,679,277,079 |
| 03 | *3.* Net insurance premiums (03 = 01 + 02) | | 1,458,879,429,167 | 1,306,329,539,839 |
| 04 | 4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2) | | 205,039,221,281 | 181,183,568,399 |
| 04.1 | In which: *Commission on reinsurance ceded* | 21 | 174,219,839,009 | 150,321,981,091 |
| 04.2 | - *Other income from insurance activities* | 22 | 30,819,382,272 | 30,861,587,308 |
| 10 | 5. Total net revenue from insurance business (10 = 03 + 04) | | 1,663,918,650,448 | 1,487,513,108,238 |
| 11 | 6. Claim expenses (11 = 11.1 + 11.2) | | (953,507,585,097) | (936,493,578,105) |
| 11.1 | - In which: Claim expenses | | (964,667,969,448) | (951,742,403,256) |
| 11.2 | - Claim expense reductions | | 11,160,384,351 | 15,248,825,151 |
| 12 | 7. Recoveries from reinsurance ceded | | 358,465,342,348 | 349,668,274,067 |
| 13 | 8. Increase in direct and assumed claim reserve | | (156,935,074,509) | (13,831,200,041) |
| 14 | 9. Increase in ceded claim reserve | | 132,286,112,006 | 20,676,428,178 |
| 15 | 10. Net claim expenses (15 = 11 + 12 + 13 + 14) | 23 | (619,691,205,252) | (579,980,075,901) |
| 16 | 11. Increase in catastrophe reserve | 17.2 | (15,644,275,230) | (14,429,047,075) |

# CONSOLIDATED INCOME STATEMENT

PART 2: CONSOLIDATED OPERATIONAL INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (restated) |
|---|---|---|---|---|
| 17 | 12. Other operating expenses (17 = 17.1 + 17.2) | 24 | (647,479,526,153) | (575,899,728,613) |
| 17.1 | In which: *Commission expense* | | (201,144,256,440) | (179,739,691,944) |
| 17.2 | *Other underwriting expenses* | | (446,335,269,713) | (396,160,036,669) |
| 18 | 13. Total direct operating expenses (18 = 15 + 16 + 17) | | (1,282,815,006,635) | (1,170,308,851,589) |
| 19 | 14. Gross insurance operating profit (19 = 10 + 18) | | 381,103,643,813 | 317,204,256,649 |
| 23 | 15. Finance income | 25 | 282,985,591,555 | 263,773,233,566 |
| 24 | 16. Finance expenses | 26 | (18,770,780,358) | (25,050,533,350) |
| 25 | 17. Profit from financial activities (25 = 23 + 24) | | 264,214,811,197 | 238,722,700,216 |
| 26 | *18. General and administrative expenses* | 27 | (375,727,013,187) | (342,017,231,720) |
| 30 | 19. Net operating income (30 = 19 + 25 + 26) | | 269,591,441,823 | 213,909,725,145 |
| 31 | 20. Other income | 28 | 905,591,628 | 3,340,673,202 |
| 32 | 21. Other expenses | 29 | (284,573,595) | (1,442,618,279) |
| 40 | *22. Net other profit (40 = 31 + 32)* | | 621,018,033 | 1,898,054,923 |
| 50 | *23. Profit before corporate income tax (50 = 30 + 40)* | | 270,212,459,856 | 215,807,780,068 |
| 51 | 24. Current corporate income tax expense | 30.1 | (57,557,759,334) | (56,629,498,351) |
| 52 | 25. Deferred corporate income tax expense | 30.3 | (1,337,848,536) | (1,054,606,263) |
| 60 | 26. Net profit for the year after corporate income tax (60 = 50 + 51 + 52) | | 211,316,851,986 | 158,123,675,454 |
| 61 | 27. Net profit after tax attributable to non-controlling interests | | 229,255,152 | 3,206,692,647 |
| 62 | 28. Net profit after tax attributable to equity owners of the parent | | 211,087,596,834 | 154,916,982,807 |
| 70 | 29. Basic earnings per share | | 1,587 | 1,125 |

**MS KIEU THI HONG NHUNG**
**Accountant**
**Finance - Accounting Division**

**MS NGUYEN THANH MAI**
**Deputy Director in - charge**
**Finance - Accounting Division**

**MR TRAN HOAI AN**
**General Director**

Hanoi, Vietnam
**11 February 2020**

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (restated) |
|---|---|---|---|---|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Net profit before tax | | 270,212,459,856 | 215,807,780,068 |
| 02 | Adjustments for:<br>Depreciation and amortisation | | 6,900,947,675 | 7,717,053,456 |
| 03 | Insurance reserves and provision for diminution in investment value and doubtful debts | | 160,259,786,673 | 159,340,803,660 |
| 04 | Losses/(profit) from revaluation of foreign currencies | | 2,467,041,141 | (1,433,644,819) |
| 05 | Profits from investing activities | | (257,924,351,443) | (224,974,506,910) |
| 06 | Interest expense | | 6,787,441 | 502,009,827 |
| 08 | Operating profit before changes in working capital | | 181,922,671,343 | 156,959,495,282 |
| 09 | Decrease/(increase) in receivables | | 59,712,111,869 | (8,915,449,440) |
| 10 | Decrease in inventory | | 314,095,245 | 9,225,318 |
| 11 | Increase in payables | | 5,837,010,784 | 174,079,903,102 |
| 12 | Increase in prepaid expense | | (11,291,386,266) | (31,993,937,597) |
| 13 | (Increase)/decrease in trading securities | | (64,392,624,150) | 85,384,185,399 |
| 14 | Interest paid | | (6,787,441) | (502,009,827) |
| 15 | Corporate income tax paid | 13 | (59,023,511,613) | (61,940,379,610) |
| 16 | Other cash inflows from operating activities | | - | 203,447,296 |
| 17 | Other cash outflows from operating activities | | (25,593,110,777) | (8,145,042,096) |
| 20 | Net cash flow from operating activities | | 87,478,468,994 | 305,139,437,827 |

# CONSOLIDATED CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2019**



| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (restated) |
|---|---|---|---|---|
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase of fixed assets and other long-term assets | | (1,242,600,000) | (946,387,869) |
| 22 | Disposal of fixed assets and other long-term assets | | 23,393,283 | 204,837,769 |
| 23 | Payments for investments in other entities | | (4,883,690,054,522) | (4,589,728,840,495) |
| 24 | Proceeds from sale of investments in other entities | | 4,640,121,964,464 | 4,281,887,031,909 |
| 27 | Interest and dividend received | | 242,973,179,724 | 150,082,421,508 |
| 30 | Net cash flow used in investing activities | | (1,814,117,051) | (158,500,937,178) |
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 33 | Drawdown of borrowings | | 17,910,873,317 | - |
| 36 | Dividends paid | | (85,051,154,064) | (102,188,747,841) |
| 40 | Net cash flow used in financing activities | | (67,140,280,747) | (102,188,747,841) |
| 50 | Net change in cash and cash equivalents | | 18,524,071,196 | 44,449,752,808 |
| 60 | Cash and cash equivalents at the beginning of the year | | 99,928,524,532 | 54,656,445,594 |
| 61 | Impact of exchange rate fluctuation | | 888,505,659 | 822,326,130 |
| 70 | Cash and cash equivalents at the end of the year | 4 | 119,341,101,387 | 99,928,524,532 |




**MS KIEU THI HONG NHUNG**
**Accountant**
**Finance - Accounting Division**

**MS NGUYEN THANH MAI**
**Deputy Director in - charge**
**Finance - Accounting Division**

**MR TRAN HOAI AN**
**General Director**

Hanoi, Vietnam
**11 February 2020**

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# SEPARATE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Ref: 60755012/21268698

# INDEPENDENT AUDITORS' REPORT

To: The Shareholders
BIDV Insurance Joint Stock Corporation

We have audited the accompanying separate financial statements of BIDV Insurance Joint Stock Corporation ("the Corporation") as prepared on 11 February 2020 and set out on pages 6 to 71, which comprise the separate balance sheet as at 31 December 2019, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

## Management's responsibility

Management of the Corporation is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and the statutory requirements relevant to the preparation and presentation of the separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Corporation as at 31 December 2019 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and the relevant statutory requirements to the preparation and presentation of the separate financial statements.

## Emphasis of matter

We draw attention to Note 37 - Corresponding figures the financial statement which describes the restatement made by the Corporation for corresponding figures of the financial statements according to Report of State Audit Office of Vietnam in Official letter No 1506/TB-KTNN dated 2 October 2019 announcing result of their audit at BIDV Insurance Joint Stock Corporation.

Our opinion is not modified in respect of this matter.

**Ernst & Young Vietnam Limited**






**TRINH HOANG ANH**
**Deputy General Director**
**Audit Practising Registration**
**Certificate No.: 2071-2018-004-1**

**NGUYEN VAN TRUNG**
**Auditor**
**Audit Practising Registration**
**Certificate No.: 3847-2016-004-1**

Hanoi, Vietnam
**11 February 2020**

# SEPARATE BALANCE SHEET

as at 31 December 2019

| CODE | ASSETS | NOTES | ENDING BALANCE | BEGINNING BALANCE (restated) |
|---|---|---|---|---|
| 100 | A. CURRENT ASSETS | | 3,980,183,086,814 | 4,511,651,281,872 |
| 110 | I. Cash and cash equivalents | 4 | 105,692,923,157 | 58,406,605,294 |
| 111 | 1. Cash | | 105,692,923,157 | 58,406,605,294 |
| 120 | II. Đầu tư tài chính ngắn hạn | | 2.313.523.032.684 | 2.892.882.903.526 |
| 121 | II. Short-term investments | | 2,313,523,032,684 | 2,892,882,903,526 |
| 122 | 1.Trading securities | 5.1 | 172,747,025,346 | 108,386,308,344 |
| 123 | 2. Provision for trading securities | 5.1 | (2,223,992,662) | (661,117,000) |
| 130 | 3. Held-to-maturity investments | 5.2 | 2,143,000,000,000 | 2,785,157,712,182 |
| 131 | 1. Short-term trade receivables | | 355,871,591,548 | 385,911,326,876 |
| 131.1 | 1.1 Insurance receivables | | 355,871,591,548 | 385,891,872,889 |
| 131.2 | 1.2 Other trade receivables | | - | 19,453,987 |
| 132 | 2. Short-term advances to suppliers | | 415,132,233 | 720,783,096 |
| 136 | 3. Other short-term receivables | | 143,386,197,633 | 133,929,713,623 |
| 137 | 4. Provision for doubtful short-term receivables | | (52,174,181,731) | (38,068,086,483) |
| 140 | IV. Inventories | | - | 146,828,992 |
| 141 | 1. Inventories | | - | 146,828,992 |
| 150 | V. Other current assets | | 134,239,679,604 | 122,099,868,514 |
| 151 | 1. Short-term prepaid expenses | | 134,239,679,604 | 122,099,868,514 |
| 151.1 | 1.1 Unallocated commission expense | 7 | 132,160,431,106 | 120,320,074,128 |
| 151.2 | 1.2 Other prepaid expenses | | 1,926,110,991 | 1,738,453,302 |
| 152 | 2. Value-added tax deductible | | 153,137,507 | 41,341,084 |
| 190 | VI. Reinsurance assets | 17.1 | 979,228,711,686 | 955,621,338,434 |
| 191 | 1. Reinsurance assets from unearned premium reserve | | 296,423,877,119 | 320,676,056,585 |
| 192 | 2. Reinsurance assets from claim reserve | | 682,804,834,567 | 634,945,281,849 |

| CODE | ASSETS | NOTES | ENDING BALANCE | BEGINNING BALANCE (restated) |
|---|---|---|---|---|
| 200 | B. NON-CURRENT ASSETS | | 1,254,383,553,837 | 393,898,820,474 |
| 210 | I. Long-term receivables | | 12,732,232,493 | 10,724,003,593 |
| 216 | 1. Other long-term receivables | | 12.732.232.493 | 10.724.003.593 |
| 216.1 | 1.1. Statutory deposit | 8 | 10.000.000.000 | 8.000.000.000 |
| 216.2 | 1.2. Other long-term receivables | | 2.732.232.493 | 2.724.003.593 |
| 220 | II. Fixed assets | | 16,939,695,150 | 21,502,374,296 |
| 221 | 1. Tangible fixed assets | 9 | 10,433,594,228 | 14,963,088,373 |
| 222 | Costs | | 61,736,226,489 | 60,527,865,239 |
| 223 | Accumulated depreciation | | (51,302,632,261) | (45,564,776,866) |
| 227 | 2. Intangible assets | 10 | 6,506,100,922 | 6,539,285,923 |
| 228 | Costs | | 6,845,849,125 | 6,845,849,125 |
| 229 | Accumulated amortisation | | (339,748,203) | (306,563,202) |
| 250 | III. Long-term investments | | 1,224,494,191,762 | 360,073,137,169 |
| 251 | 1. Investment in subsidiaries | 5.3 | 34,660,020,000 | 34,660,020,000 |
| 253 | 2. Investment in other entities | 5.3 | 75,907,370,000 | 75,907,370,000 |
| 254 | 3. Provision for diminution in value of long-term investments | 5.3 | (48,472,440,591) | (50,715,571,068) |
| 255 | 4. Held-to-maturity investments | 5.2 | 1,162,399,242,353 | 300,221,318,237 |
| 260 | IV. Other long-term assets | | 217,434,432 | 1,599,305,416 |
| 261 | 1. Long-term prepaid expenses | 11 | 62,392,679 | 106,415,127 |
| 262 | 2. Deferred tax assets | 30.3 | 155,041,753 | 1,492,890,289 |
| 270 | TOTAL ASSETS | | 5,234,566,640,651 | 4,905,550,102,346 |

# SEPARATE BALANCE SHEET

as at 31 December 2019

| CODE | ASSETS | NOTES | ENDING BALANCE | BEGINNING BALANCE (restated) |
|---|---|---|---|---|
| 300 | C. LIABILITIES | | 3,036,226,224,358 | 2,804,408,728,734 |
| 310 | I. Current liabilities | | 3,035,342,960,408 | 2,803,023,134,960 |
| 311 | 1. Short-term trade payables | 12 | 481,173,201,689 | 432,627,525,522 |
| 311.1 | 1.1. Insurance payables | | 472,357,323,758 | 432,295,691,475 |
| 311.2 | 1.2. Other payables | | 8,815,877,931 | 331,834,047 |
| 312 | 2. Short-term advance from customers | | 1,367,221,954 | 1,638,861,391 |
| 313 | 3. Statutory obligations | 13 | 27,589,250,188 | 25,375,017,921 |
| 314 | 4. Payables to employees | | 74,427,362,162 | 60,125,209,401 |
| 315 | 5. Short-term accrued expenses | 14 | 59,300,154,347 | 50,336,308,348 |
| 318 | 6. Short-term unearned revenues | | 6,733,081,597 | 6,480,625,230 |
| 318.1 | 7. Un-earned commission revenue | 15 | 73,978,709,612 | 81,884,379,223 |
| 319 | 8. Other short-term payables | 16 | 10,106,535,833 | 19,888,603,386 |
| 320 | 9. Short-term borrowings | | 10,000,000,000 | - |
| 322 | 10. Bonus and welfare funds | | 13,749,738,807 | 14,342,849,584 |
| 329 | 11. Technical reserves | | 2,276,917,704,219 | 2,110,323,754,954 |
| 329.1 | 11.1. Gross un-earned premium reserve | 17.1 | 1,240,970,454,937 | 1,157,312,804,787 |
| 329.2 | 11.2. Gross claim reserve | 17.1 | 911,318,938,685 | 843,616,989,084 |
| 329.3 | 11.3. Catastrophe reserve | 17.2 | 124,628,310,597 | 109,393,961,083 |
| 330 | II. Non-current liabilities | | 883,263,950 | 1,385,593,774 |
| 337 | 1.Other long-term liabilities | 16 | 883,263,950 | 1,385,593,774 |

| CODE | ASSETS | NOTES | ENDING BALANCE | BEGINNING BALANCE (restated) |
|---|---|---|---|---|
| 400 | D. OWNERS' EQUITY | | 2,198,340,416,293 | 2,101,141,373,612 |
| 410 | I. Capital | 18 | 2,198,340,416,293 | 2,101,141,373,612 |
| 411 | 1. Contributed charter capital | | 1,172,768,950,000 | 1,172,768,950,000 |
| 411a | 1.1. Shares with voting rights | | 1,172,768,950,000 | 1,172,768,950,000 |
| 412 | 2. Share premium | | 655,565,033,362 | 655,565,033,362 |
| 418 | 3. Investment and development fund | | 87,052,897,663 | 50,158,477,335 |
| 419 | 4. Statutory reserves | | 55,012,673,294 | 44,798,029,835 |
| 421 | 5. Undistributed earnings | | 227,940,861,974 | 177,850,883,080 |
| 421a | 5.1. Accumulated undistributed earnings by the end of prior year | | 41,241,520,317 | 24,260,400,445 |
| 421b | 5.2. Undistributed earnings of current year | | 186,699,341,657 | 153,590,482,635 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 5,234,566,640,651 | 4,905,550,102,346 |

**MS KIEU THI HONG NHUNG**
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**Finance - Accounting Division**

**MR TRAN HOAI AN**
**General Director**

Hanoi, Vietnam
**11 February 2020**

# SEPARATE INCOME STATEMENT

PART 1: SEPARATE SUMMARY INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| CODE | ITEMS | CURRENT YEAR | PREVIOUS YEAR (RESTATED) |
|---|---|---|---|
| 10 | **1. Total operating income** | **1,606,975,238,999** | **1,422,861,698,359** |
| 12 | ***2. Finance income*** | **258,943,189,407** | **254,967,334,357** |
| 13 | 3. Other income | 655,679,193 | 1,298,012,702 |
| 20 | 4.Total direct operating expenses | (1,241,004,719,323) | (1,123,920,158,099) |
| 22 | 5. Finance expenses | (4,950,920,409) | (16,955,799,955) |
| 23 | 6. General and administrative expenses | (358,435,558,678) | (320,962,085,887) |
| 24 | 7. Other expenses | (261,357,978) | (1,382,512,472) |
| **50** | **8. Accounting profit before tax (50=10+12+13+20+22+23+24)** | **261,921,551,211** | **215,906,489,005** |
| 51 | 9. Current corporate income tax expense | (56,290,833,494) | (53,177,690,519) |
| 52 | 10. Deferred tax expense | (1,337,848,536) | (1,054,606,263) |
| **60** | **11. Net profit after tax (60=50+51+52)** | **204,292,869,181** | **161,674,192,223** |

PART 2: SEPARATE OPERATIONAL
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (RESTATED) |
|---|---|---|---|---|
| 01 | 1. Insurance revenue (01 = 01.1 + 01.2 + 01.3) | 19 | 2,139,177,998,041 | 1,903,334,735,133 |
| 01.1 | In which: *Direct written premiums* | | 2,013,138,230,408 | 1,782,120,683,106 |
| 01.2 | *Reinsurance premium assumed* | | 209,697,417,783 | 300,224,723,139 |
| 01.3 | Increase in un-earned premium reserve | | (83,657,650,150) | (179,010,671,112) |
| 02 | 2. Reinsurance premium cededm (02 = 02.1 + 02.2) | 20 | (723,652,876,289) | (646,569,011,422) |
| 02.1 | In which: *Reinsurance premium ceded* | | (699,400,696,823) | (692,540,012,720) |
| 02.2 | *Increase/(decrease) in ceded premium reserve* | | (24,252,179,466) | 45,971,001,298 |
| 03 | *3. Net insurance premiums (03 = 01 + 02)* | | 1,415,525,121,752 | 1,256,765,723,711 |
| 04 | 4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2) | | 191,450,117,247 | 166,095,974,648 |
| 04.1 | In which: *Commission on reinsurance ceded* | 21 | 162,823,323,733 | 139,684,341,109 |
| 04.2 | *Other income from insurance activities* | 22 | 28,626,793,514 | 26,411,633,539 |
| 10 | *5. Total net revenue from insurance business (10 = 03 + 04)* | | 1,606,975,238,999 | 1,422,861,698,359 |
| 11 | 6. Claim expenses (11 = 11.1 + 11.2) | | (937,803,248,940) | (916,084,985,266) |
| 11.1 | In which: *Claim expenses* | | (948,963,633,291) | (931,333,810,417) |
| 11.2 | *Claim expense reductions* | | 11,160,384,351 | 15,248,825,151 |
| 12 | 7. Recoveries from reinsurance ceded | | 357,568,231,784 | 343,438,738,560 |
| 13 | 8. Increase in direct and assumed claim reserve | | (67,701,949,601) | (11,278,307,138) |
| 14 | 9. Increase in ceded claim reserve | | 47,859,552,718 | 16,482,678,729 |
| 15 | 10. Net claim expenses (15 = 11 + 12 + 13 + 14) | 23 | (600,077,414,039) | (567,441,875,115) |
| 16 | 11. Increase in catastrophe reserve | 17.2 | (15,234,349,514) | (13,898,053,935) |

# SEPARATE CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2019**



| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (RESTATED) |
|---|---|---|---|---|
| 17 | 12. Other operating expenses (17 = 17.1 + 17.2) | 24 | (625,692,955,770) | (542,580,229,049) |
| 17.1 | In which: *Commission expense* | | (198,110,717,401) | (171,345,072,731) |
| 17.2 | *Other underwriting expenses* | | (427,582,238,369) | (371,235,156,318) |
| 18 | 13. Total direct operating expenses (18 = 15 + 16 + 17) | | (1,241,004,719,323) | (1,123,920,158,099) |
| 19 | *14. Gross insurance operating profit (19 = 10 + 18)* | | 365,970,519,676 | 298,941,540,260 |
| 23 | 15. Finance income | 25 | 258,943,189,407 | 254,967,334,357 |
| 24 | 16. Finance expenses | 26 | (4,950,920,409) | (16,955,799,955) |
| 25 | *17. Profit from financial activities (25 = 23 + 24)* | | 253,992,268,998 | 238,011,534,402 |
| 26 | 18. General and administrative expenses | 27 | (358,435,558,678) | (320,962,085,887) |
| 30 | 19. Net operating income (30 = 19 + 25 + 26) | | 261,527,229,996 | 215,990,988,775 |
| 31 | 20. Other income | 28 | 655,679,193 | 1,298,012,702 |
| 32 | *21. Other expenses* | 29 | (261,357,978) | (1,382,512,472) |
| 40 | *22. Net other (loss)/profit (40 = 31 + 32)* | | 394,321,215 | (84,499,770) |
| 50 | 23. Accounting profit before tax (50 = 30 + 40) | | 261,921,551,211 | 215,906,489,005 |
| 51 | 23. Current corporate income tax expense | 30.1 | (56,290,833,494) | (53,177,690,519) |
| 52 | 25. Deferred tax expense | 30.3 | (1,337,848,536) | (1,054,606,263) |
| 60 | 26. Net profit for the year after corporate income tax (60 = 50 + 51 + 52) | | 204,292,869,181 | 161,674,192,223 |

**MS KIEU THI HONG NHUNG**
**Accountant**
**Finance - Accounting Division**

**MS NGUYEN THANH MAI**
**Deputy Director in - charge**
**Finance - Accounting Division**

**MR TRAN HOAI AN**
**General Director**

Hanoi, Vietnam
**11 February 2020**

# SEPARATE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (RESTATED) |
|---|---|---|---|---|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Net profit before tax | | 261,921,551,211 | 215,906,489,005 |
| 02 | Adjustments for: Depreciation of tangible fixed assets and amortisation of intangible fixed assets | | 5,805,279,146 | 6,430,647,940 |
| 03 | Insurance reserves and provision for diminution in investment value and doubtful debts | | 156,412,416,446 | 159,939,629,718 |
| 04 | Foreign exchange losses/(gains) arising from revaluation of monetary accounts denominated in foreign currency | | 2,430,070,411 | (1,073,631,694) |
| 05 | Profits from investing activities | | (252,541,336,220) | (233,897,419,691) |
| 06 | Interest expense | | 1,198,356 | 502,009,827 |
| 08 | Operating profit before changes in working capital | | 174,029,179,350 | 147,807,725,105 |
| 09 | Decrease/(increase) in receivables | | 26,399,852,338 | (43,782,586,412) |
| 10 | Decrease in inventories | | 146,828,992 | 8,340,000 |
| 11 | Increase in payables | | 56,113,429,855 | 159,861,306,258 |
| 12 | Increase in prepaid expense | | (12,095,788,642) | (29,561,356,471) |
| 13 | (Increase)/decrease in held-for-trading securities | | (64,360,717,002) | 85,384,185,399 |
| 14 | Interest paid | | (1,198,356) | (502,009,827) |
| 15 | Corporate income tax paid | 13 | (56,758,745,805) | (57,514,592,928) |
| 16 | Other cash inflows from operating activities | | - | 203,447,296 |
| 17 | Other cash outflows from operating activities | | (25,593,110,777) | (7,994,787,217) |
| 20 | Net cash flow from operating activities | | 97,879,729,953 | 253,909,671,203 |

# SEPARATE CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2019**



| CODE | ITEMS | NOTES | CURRENT YEAR | PREVIOUS YEAR (RESTATED) |
|---|---|---|---|---|
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase and construction of fixed assets and other long-term assets | | (1,242,600,000) | (86,186,700) |
| 22 | Proceeds from disposals of fixed assets and other long-term assets | | 23,393,283 | - |
| 23 | Loans to other entities and payments for purchase of debt instruments of other entities | | (4,765,510,719,639) | (4,509,759,937,069) |
| 24 | Proceeds from sale of investments in other entities | | 4,545,490,507,705 | 4,187,227,932,633 |
| 27 | Interest and dividends received | | 241,862,309,869 | 170,876,258,461 |
| 30 | Net cash flow used in investing activities | | 20,622,891,218 | (151,741,932,675) |
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 33 | Drawdown of borrowings | 18 | 10,000,000,000 | - |
| 36 | Dividends paid | | (82,090,983,900) | (82,069,124,000) |
| 40 | Net cash flow used in financing activities | | (72,090,983,900) | (82,069,124,000) |
| 50 | Net increase in cash for the year | | 46,411,637,271 | 20,098,614,528 |
| 60 | Cash and cash equivalents at the beginning of the year | | 58,406,605,294 | 37,485,664,636 |
| 61 | Impact of exchange rate fluctuation | | 874,680,592 | 822,326,130 |
| 70 | Cash and cash equivalents at the end of the year | 4 | 105,692,923,157 | 58,406,605,294 |

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**Finance - Accounting Division**

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**Deputy Director in - charge**
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**MR TRAN HOAI AN**
**General Director**

Hanoi, Vietnam
**11 February 2020**



# SUSTAINABLE DEVELOPMENT

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