BIDV INSURANCE CORPORATION

Annual Report 2013

Beyond Insurance

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CHAIRMAN'S MESSAGE



Mr. ***Pham Quang Tung*** *- Chairman*

In respect of insurance activities, thanks to a range of efficient business solutions, BIC has overcome difficulties coming from the economic recession to fulfill the criteria of the assigned business plan, especially regarding direct insurance premium.

Dear valued Clients, Partners, Shareholders and Colleagues,

In 2013, Vietnam insurance market continued to be under the influence of economic recession and thus had a lower growth rate than the previous year third time in a row. Difficulties in the macro economy has challenged BIC to make innovations to adapt to the current situation

Year 2013 with excellent fulfillment of the business plan

BIC has aligned with the orientation for development set by the Annual General Meeting (AGM) and Board of Directors (BOD), focused on efficiency while increasing market share, as a result:

- Total consolidated revenue reached **1,206.172 billion dong**, increasing nearly 20% compared to 2012; of which, total insurance premium reached **939.525 billion dong**. Profit before taxes (after consolidated) was **125.593 billion dong**, increasing over 13% compared to the previous year, outperforming the assigned targets for 2013. Total insurance revenue of parent company reached **894.943 billion dong**, increasing 18.7% compared to 2012, profit before taxes reached **113.286 billion dong**.
- BIC continued to be one of the top insurance firms having the highest profitability ratio. Profit after taxes/chartered capital is approximately 13%. Dividends were continually kept at 10%.
- BIC's overseas business operation kept its good performance with the impressive growth of two joint ventures in Laos (LVI) and in Cambodia (CVI). Particularly, LVI outperformed the assigned targets with a big margin in terms of revenue, profit and business network development. CVI continued to reinforce its position in Cambodia market.

The above-mentioned achievements were the result of the BOD's determination, the BOM's commitment and efforts, and the great contribution of more than 600 staffs in the corporation. Especially, it would not be possible without the trust and support of BIC's shareholders and clients, who are always the valued source of motivation for BIC's non-stop striving towards bigger targets.

Year 2014 with opportunities and challenges for BIC

The coming year 2014 is believed to bring many new opportunities for BIC's development. Vietnam insurance market is under restructuring towards better transparency and efficiency. New regulations in the insurance field will bring about fair competition opportunities for insurance firms in general and for BIC in particular.

Besides, BIC will also face with many challenges at the same time. As forecast, Vietnam economy in 2014 still has not entirely recovered from the recession, thus a two-digit growth rate is still a challenging target for the insurance market. This will negatively affect the business of BIC and require it to keep improving for more professional operation. Especially, the company is facing with the threat of losing market share to fitter competitors. It means that along with profit targets, BIC has to enhance growth and market share to strengthen its position in the market.

Taking into account both opportunities and challenges, the BOD assigns the business plan for 2014 as follows:

- Total insurance revenue of parent company of 1,000 billion dong, an 11.74% increase compared to 2013.
- Profit before taxes (after consolidated) of 130 billion dong, a 3.5% increase compared to 2013.
- In order to fulfill these above targets, important improvements in BIC's operation will be implemented in 2014, including:
- Completing the project of selling shares to strategic foreign investors to improve BIC's strengths and position in the market;
- Increasing the chartered capital up to over 1,000 billion dong through three share issuances: to BIC's staffs under the Employee Stock Option Plan (ESOP), to existing shareholders, and to strategic shareholders;
- Expanding the overseas business network by purchasing shares of CVI to increase BIC's ownership in this joint venture.

Taking the advantage from the establishment of BIDV-Metlife life insurance joint venture to boost non-life insurance activities.

2014 is a pivotal year for implementing the restructuring project to complete BIC Holdings model. I personally believed that counting on the strong foundation over the past eight years and the unwavering support of valued shareholders, partners and clients, BIC will be able to fulfill all the above-mentioned targets.

On behalf of the BOD, I would like to express gratitude for your companionship over the years and look forward to your further support for BIC's development in 2014.

Yours sincerely,

PHAM QUANG TUNG
Chairman

CEO'S MESSAGE



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

Dear valued Clients, Partners and Shareholders,

2013 is the sixth year that Vietnam economy is in its downturn with the growth less than its potential. In such a gloomy macro context, Vietnam insurance industry in general and BIC in particular faced with many difficulties such as the decrease of insurance demands coupling by the increase of insurance risks.

Despite that, BIC excellently fulfilled the challenging business objectives assigned by the AGM for 2013 thanks to the great support of valued clients, partners and remarkable efforts of all BIC's staffs. With the growth rate of total direct insurance revenue of 18.2% (2.5 times higher than the market average), BIC has maintained its 7th position among 29 non-life insurance firms in the market in terms of market share. Additionally, BIC continually strengthened its financial capability and business efficiency, as shown in the increase of underwriting reserves (19.4% more than the previous year) and the Returns on Equity (ROE) ratio of parent company of 12.88%, higher than in 2012.

In respect of business network, BIC has completed all required procedures for the establishment of Dong Do BIDV Insurance Company - the 22th subsidiary, and increased the number of sales offices nationwide to 104 in 2013. In the overseas market, BIC completed LVI's share purchase to increase its ownership in this joint venture up to 65%. Since the third quarter of 2013, the corporation has issued consolidated financial reports. At the same time, BIC is expediting procedures to complete the purchase of 65% CVI's in 2014.

In respect of business management, improvements in the organizational structure and management were made, that includes appointing 01 deputy general director in charge of customer relations in the Southern area; restructuring the organizational structure towards centralizing underwriting management and risk management in the head office while specializing sales, customer care and claim settlement in subsidiaries; rotating key staffs from head office to subsidiaries to make use of their capabilities and experience to meet business requirements; and applying Balance Scorecard (BSC) and Key Performance Indicators (KPIs) in performance appraisal in the head office for the first time.

Moreover, BIC started the international credit rating project to provide stronger support for two overseas joint ventures as well as strengthen the competitive capability in its international outreach. Besides increasing the ownership in LVI and CVI as planned, in order to complete the BIC Holdings model as approved by the AGM, in 2013 BIC and BIDV signed the contract with Metlife – a leading insurance corporation in the United States to establish BIDV – Metlife Insurance Joint Venture, which is expected to start operation in the third quarter of 2014.

BIC's efforts and achievements were recognized with honorable awards such as Certificate of Merits by the Ministry of Finance for contributions to the insurance market's development in 2009-2013, Emulation Flag by the Party Committee of Central Enterprises; Excellent Brand of Vietnam 2013 voted by readers of Vietnam Economic Times.

BIC's solid performances in such a difficulty year as 2013 has demontrated the right business direction of the AGM and BOD, the solidarity of over 600 BIC's staffs, and the constant support BIC received from its valued clients and partners.

LOOKING FORWARD TO 2014

After three years of difficult business conditions, Vietnam economy is forecasted to enter 2014 with more optimistic signs, but not without the remainder of problems and unstability from the past.

As for the Vietnam insurance market, the prospect seems to be brighter than the previous year. According to the Accociation of Vietnam Insurers and the Insurance Supervisory Department of the Ministry of Finance, the insurance market will develop faster than 2013 at the expected average growth rate of total revenue of about 10-11%.

Basing on the market situation and risk management of the company, in 2014 BIC will focus on increasing the insurance revenue growth rate and market share in order to strengthen the market position and improve the business efficiency while maintaining an adequate level of profit. Thanks to enhancing the revenue growth rate, BIC could save cost and benefit from the law of large number to gain its profitability target.

In order to fulfill 2014's busines objectives (1,000 billion dong of insurance revenue for parent company and 130 billion dong of consolidated profit before taxes), the BOM will comprehensively deloy measures from expanding the business network and distribution channels to enhancing products, customer care, policies and governance, etc.

Besides, other main objectives are to be completed this coming year, which includes putting BIDV-Metlife Insurance Joint Venture into operation, seeking strategic partners and increasing chartered capital, supporting LVI and CVI in their restructuring, and completing the international credit rating project, etc. Thus, it could be said that 2014 is a full year of BIC that requires concerted efforts from the whole corporation for better performance and innovation.

We look forward to having your constant co-operation and support! Along with your trust are the motivation and solidarity of all BIC's members, which allows us to believe that BIC will be able to fulfil the ambitious targets set for 2014.

May you have the best of health, happiness and success!

TON LAM TUNG
Chief Executive Officer

8 REMARKABLE EVENTS IN 2013 - THE 8th YEAR OF BIC'S OPERATION



01

The 1st event: Applying new performance appraisal based on Balanced Scorecard (BSC) method and improving human resources management

One of improvements in human resource management (HRM) of BIC in 2013 is applying Balance Scorecard and Key Performance Indicators (KPIs) in staffs' performance appraisal, an accurate, fair and close to job descriptions assessment method. This is an important improvement in HRM of the company that keeps up with the trend of HRM's development in the market.

Besides, in order to improve staff training and personnel support to subsidiaries in the corporation, staff rotations from the head office to the subsidiaries were frequently conducted in 2013.

02

The 2nd event: Improving the organizational structure

Moving towards an advanced organizational structure, BIC made improvements in its organizational structure and management in 2013, which includes appointing a deputy general director be in charge of customer relations in the Southern area; centralizing underwriting management and risk management in the head office; and at the same time specializing sales, customer service and claim settlement activities in subsidiaries.

In order to meet the business requirements, in November 2013, an extraordinary general meeting was held to approve the replacement of two BOD members and the appointment of one independent BOD member.

03

The 3rd event: Co-founded the joint venture named BIDV MetLife Life Insurance Limited Liability Company

In order to pursue the restructuring strategy towards BIC Holdings model and bring to clients the full insurance package including life and non-life insurance services, in September 2013 BIC, BIDV and Metlife - a leading life insurance group in the United States signed the joint venture contract to establish BIDV-Metlife Insurance Limited Liability Company in Vietnam. Up to now, BIDV and Metlife are completing preparation work for the operation of this joint venture in 2014.

04

The 4th event: Completing the share purchase to increase the ownership in Lao-Viet Insurance Joint Venture Company (LVI)

In line with what was approved by the AGM in the restructuring strategy towards the BIC Holdings model and the overseas business expansion, BIC purchased the shares of LVI from Lao-Viet Bank to increase its ownership in this joint venture to 65%. Since the third quarter of 2013, consolidated financial reports have been issued.

05

The 5th event: Implementing the international credit rating project

After the screening and selecting process for the most suitable partner, BIC signed the consulting contract to officially deploy the credit rating project with the aim of improving its competitive capability in the international market.

06

The 6th event: Establishing Dong Do BIDV Insurance Company - the 22nd subsidiary

The establishment of Dong Do BIDV Insurance Company based in Hanoi marked a milestone in the business network development of BIC. After maintaining the stable business network with 21 subsidiaries for a long time, the establishment of this 22nd strategic move towards full exploitation of key markets namely Hanoi and Ho Chi Minh cities. At the end of 2013, BIC had 22 subsidiaries and 104 sales offices nationwide.

07

The 7th event: Excellently fulfilling the business plan of 2013

In 2013, due to the difficulties in Vietnam marco economy, Vietnam non-life insurance industry faced with the same challenges as in the previous year, which negatively impacted the business of BIC. Despite that, thanks to efficient business solutions, the company remarkably fulfilled the business plan of 2013 and was recognized as the most excellent among BIDV's affiliated companies.

08

The 8th event: Being recognized with honorable titles and awards

As a well-deserved recognization for its efforts and achivements, BIC was honored with numerous titles and awards this year, as follows:

- *Certificate of Merits from Ministry of Finance for valuable contributions to the development of Vietnam insurance industry in the period of 2009 - 2013;*
- *Emulation Flag of the Party Committee of Central Enterprises, recognizing BIC as one representative party unit in the period of 2009 - 2013*
- *Vietnam Excellent Brand 2013, voted by readers of Vietnam Economic Times*
- *One of Top 500 enterprises with highest growth and Top 1,000 biggest taxpayers in Vietnam in 2013*

KEY BUSINESS PERFORMANCE INDICATORS IN 2013

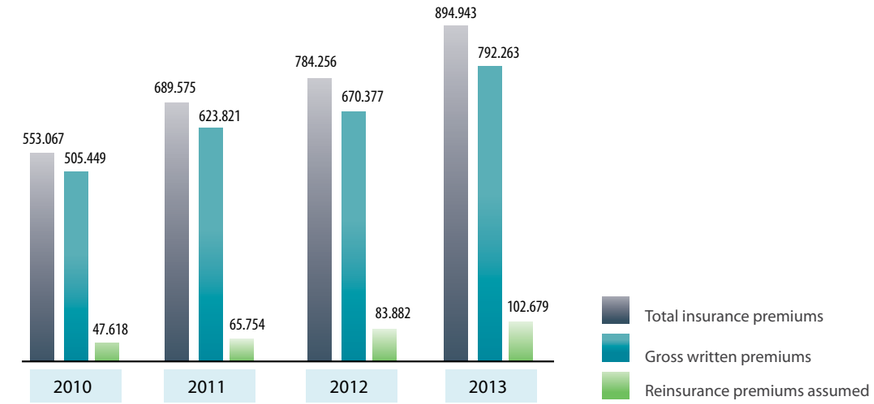
Consolidated performance indicators

Unit: billion dong

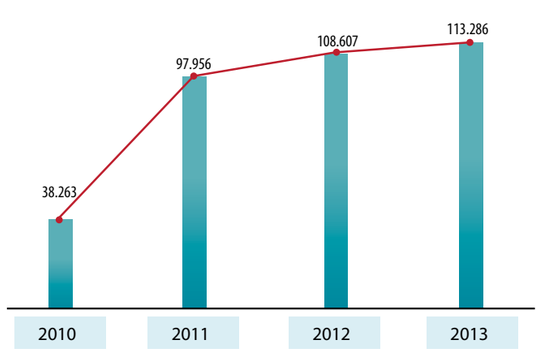
No.	Criteria	2013
1	Total assets	1,755.769
2	Equity	791.936
3	Total underwriting reserves	482.260
4	Total revenue	1,206.172
4.1	Total insurance premium	939.525
4.2	Financial investment revenue	139.930
5	Retained liability loss ratio	39.8%
6	Profit before taxes	125.593

(*) In 2013, after completing the required procedures for the ownership increase in Lao-Viet Insurance Joint Venture Company (LVI) to 65%, since the third quarter of 2013, beside separate financial statements, BIC has issued consolidated financial statements which combines the financial result of BIC and LVI. As 2013 is the first year that the BIC's consolidated financial report is issued, there are no comparative figures of the previous years.

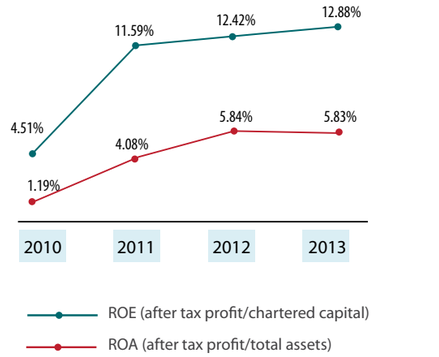
Separate performance indicators of the parent company



Total Insurance Premium *Unit: billion dong*

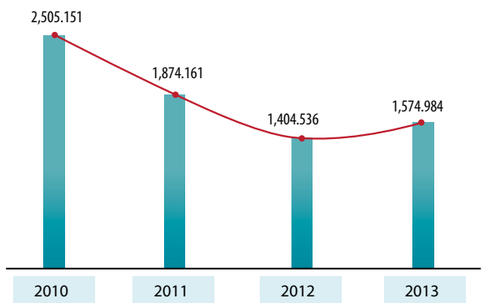


Profit before taxes (*) *Unit: billion dong*

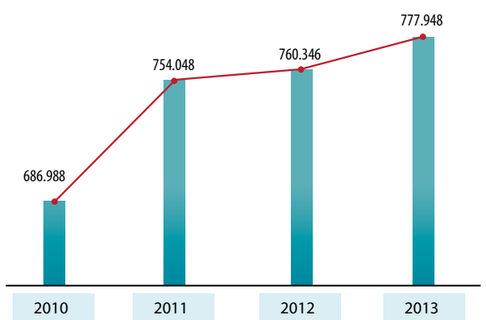


ROE, ROA (*)

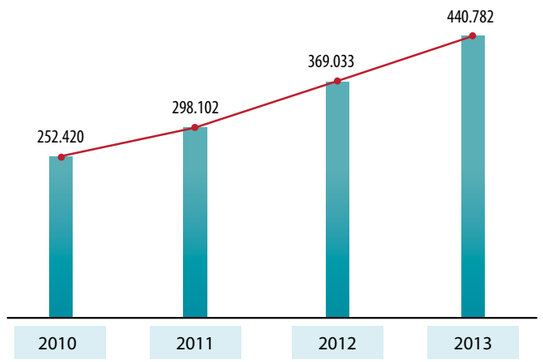
(*) The results above exclude profit/loss from the joint venture investment in LVI



Total assets *Unit: billion dong*



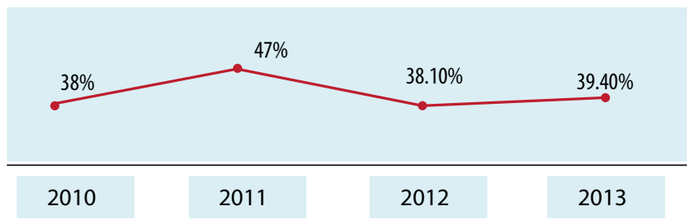
Equity *Unit: billion dong*



Underwriting reserves *Unit: billion dong*



Staff *(people)*



Retained liability loss ratio

About BIC

GENERAL INFORMATION

Full official name
Bank for Investment and Development of Vietnam Insurance Joint Stock Corporation

logo icon BIC

Vietnamese trade name **BIDV Insurance Corporation**

Stock code (HOSE) BIC

Chartered capital 660.000.000.000 VND

Head Office	16th Floor, Block A, Vincom City Towers, 191 Ba Trieu, Hai Ba Trung District, Hanoi, Vietnam
Tel	(84-4) 22200282
Fax	(84-4) 22200281
Hotline	1800 9456
Email	bic@bidv.com.vn
Website	**www.bic.vn - www.baohiemtructuyen.com.vn**

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

Inheriting six years of experience in the joint venture with QBE and 57 years of experience of BIDV in the financial market, after establishment, BIC kept its focus on the strategy of providing non-life insurance products designed in line with the full package of products and services that the bank offer to its clients.

According to the statistics of Vietnam Insurance Association, BIC is one of ten biggest non-life insurance companies in terms of market share for direct insurance, and one of those having highest growth rate in the market. It is also the leading company in developing up-to-date sales channels including Bancassurance and online insurance purchase (E-Business). The company is also known as the first insurer to have business network covering Indochina (Vietnam, Laos, Cambodia). With the ownership of 65% of shares, BIC is the biggest shareholder of Lao-Viet Insurance Company, and now the company is completing required procedures to increase the ownership in Cambodia – Vietnam Insurance Company to 65%.

Since October 1st 2010, BIC has officially transformed from a 100% state-owned company to a joint stock corporation and increased its chaptered capital to 660 billion dong.

BIC now has more than 620 staff serving customers in 22 subsidiaries in 104 sales offices, and over 1,000 agents nationwide. The development orientation of BIC is to become one in Top 5 insurance companies in terms of business performance and popularity in Vietnam, and continue to act as one of two core businesses in the BIDV group.

BIC's stock is currently traded on Ho Chi Minh City Stock Exchange (HSX) under stock code BIC since September 9th 2011.

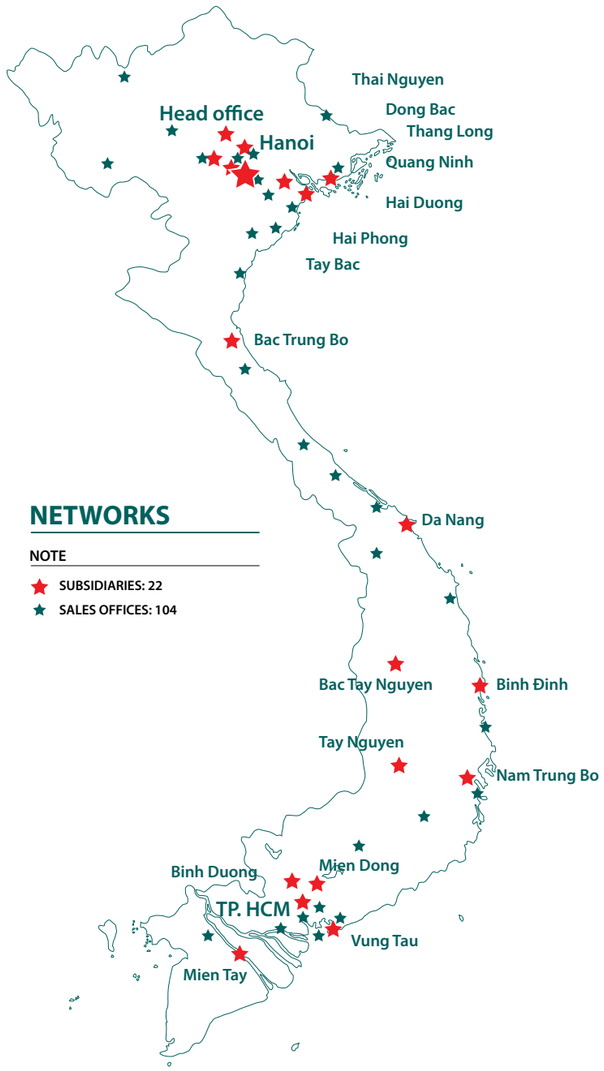
VISION	• To become 1 in Top 5 of non-life insurance enterprises in the market in terms of equity, market share and profit. • To develop BIC to a reputable insurance brand and one of the business pillars of BIDV financial group.
CORE VALUE	• Dedication to clients • Trust • Solidarity
MISSION	• For clients: providing clients with comprehensive solutions to manage financial risks • For employees: building a dynamic and effective working environment and a cohesive corporate culture to maximize personnel capability • For Shareholders: creating sustainable profit and value • For community: contributing to the development of Vietnam community

HISTORY OF DEVELOPMENT

Year	Milestones of development
1999	**BIDV-QBE Insurance Joint Venture Company** was established as the result of the cooperation between Bank of Investment and Development of Vietnam and QBE Insurance Group (Australia).
2006	BIDV officially purchased QBE's shares in the joint venture and changed its name to **BIDV Insurance Company (BIC).**
2008	Under the strategy of expanding operation throughout Indochina, BIC cooperated with Lao-Viet Joint Venture Bank (LVB) and Banque Pour Le Commerce Exterior Laos (BCEL) to establish the **Lao - Viet Insurance Joint Venture Company (LVI)**. LVI officially started operation in June 2008.
2009	Being entrusted with full management of the **Cambodia-Vietnam Insurance Company (CVI)**, BIC became the first Vietnamese insurance company to simultaneously operate in all 3 Indochina countries - Vietnam, Laos and Cambodia.
2010	On **October 1st 2010**, BIC officially transformed its operating model to Joint Stock Corporation and increased its chaptered capital to 660 billion dong.
2011	BIC's stock was officially listed on Ho Chi Minh city Stock Exchange (HOSE) under stock code **BIC**
2013	BIC completed the share purchase of Laos-Viet Joint Venture Bank in LVI to increase its ownership to 65% in LVI and consolidated financial statements have been issued since the third quarter of 2013



SCOPE OF OPERATION AND BUSINESS NETWORK



SCOPE OF OPERATION

The operation of BIDV Insurance corporation is regulated under the Certificate of business registration No.11GP/KDBH issued by Ministry of Finance on April 10th 2006 and Adjustment Certificate No. 11/GPDDC/KDBH issued by Ministry of Finance on December 12th 2013.

BIC is providing non-life insurance, reinsurance, and financial investment services.

BUSINESS NETWORK

- BIC has 22 subsidiaries and 104 sales offices and more than 1,000 agencies providing non - life insurance services to clients nationwide
- BIC is providing more than 100 non-life insurance products in the fields of personal, property and liability insurance.

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS



Mr Pham Quang Tung / *Chairman*

- 2011 - present: Deputy General Director of BIDV, Chairman of BIC
- 2010 - 2011: Chairman and CEO of BIC.
- 2006 - 2010: Director of BIC



Mrs. Nguyen Thi Thanh Van / *Member*

- 05/2013 - Present: Acting Deputy Director of Finance Division of BIDV
- 2010 - 04/2013: Deputy General Director of BIC
- 2006 - 2010: Deputy Director in charge of Finance and Accounting of BIC
- 2002 - 2006: Chief Accountant of BIDV-QBE Insurance Company, Deputy Manager of Finance Department of BIDV



Mr. Ton Lam Tung / *Member*

- 2011 - Present: General Director of BIC
- 10/2010 - 03/2011: Deputy General Director of BIC
- 2008 - 2010: Deputy Director of BIC
- 2006 - 2008: Manager of Investment Department, and Manager of Sales department in charge of Hanoi area of BIC



Mr. Le Ngoc Lam / *Member*

- 04/2013 - Present: Director of Corporate Client Division of BIDV
- 04/2012 - 03/2013: Director of Risk Management Division of BIDV
- 2010 - 2012: Deputy Director of Transaction Center No.1 of BIDV



Mrs. Dang Thi Hong Phuong / *Independent Member*

- 2011 - Present: Director of An Binh Securities Fund Management Company
- 2007 - 2010: Director of SSI Fund Management Company
- 2006 - 2007: Director of Investment Fund Management of Vietnam Insurance Corporation (Bao Viet)

BOARD OF SUPERVISORS



Mr. Cao Cu Tri / *Chief*

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



Mr. Nguyen Trung Kien / *Member*

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



Mr. Nguyen Thanh Cong / *Member*

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

BOARD OF MANAGEMENT



Mr. Vu Minh Hai
CMO

Mr. Hai had 15 years working in the insurance sector and joined BIC in 2007, being Deputy Manager of Survey and Claims Department, and Deputy Director in charge of West Hanoi branch. Since March 2009 he was seconded to Lao - Viet Insurance Company as CEO.

On April 16th 2012, Mr. Hai was appointed CMO of BIC.

Mrs. Doan Thi Thu Huyen
COO

Having years of experience in BIDV's system, Ms. Huyen has held various important positions in HR management. Before being appointed as Deputy General Director of BIC, she was Deputy Director of Human Resources Division of BIDV.

On May 1st 2012, Ms. Huyen was appointed COO of BIC.

Mr. Ton Lam Tung
CEO

Mr. Ton Lam Tung had more than 17 years working in finance, banking and insurance field in Vietnam. Before working at BIC, Mr. Ton Lam Tung was Deputy Manager of Credit Department No.1 under Credit Division of BIDV.

At BIC, he was business Manager of Hanoi area, and then Investment Manager, CEO.

Mr. Tran Trung Tinh
CUO

Mr. Tinh has nearly 20 years working in the insurance sector. Before joining BIC, he had held key positions in insurance companies such as Managers of several departments, then Deputy CEO in Bao Minh Insurance Company in Hanoi.

Mr. Tinh joined BIC in 2007 and was appointed as Manager of Business Department of BIC. He was appointed Deputy Director of BIC on October 1st 2008, and CUO of BIC on October 1st 2010

Mr. Tran Hoai An
CMO

Mr. An had many years of experience in the Customs.

Mr. An joined BIC in 2009 and held important positions in BIC such as Director of BIC Binh Dinh and Ho Chi Minh branches.

On April 1st 2013, Mr. An was appointed CMO of BIC in charge of client development in the Southern area, and Director of BIC Ho Chi Minh branch.

BUSINESS PERFORMANCE IN 2013

DEVELOPMENT ORIENTATION

Development orientation to 2020

- Maintaining and gradually increasing market share of insurance activities
- Completing the restructuring project towards the BIC Holdings model
- Improving the operational efficiency of each subsidiary, strengthening the management and supporting role of the head office to subsidiaries
- Maximizing product portfolio to make full use of the company's advantages and adapt to market trends
- Fully exploiting potential demands for insurance of BIDV's existing customers, and at the same time approaching target clients outside BIDV system (especially high-income individual clients in urban areas) in order to build up a sustainable client base.
- Continually expanding the business network linked with BIDV's business network based on the Bank-Insurance model
- Flexibly managing investment portfolios to balance profit and risk management targets
- Selecting strategic partners to increase equity through private placement in order to improve financial capability and expand the business

In the period of 2013 - 2015

- Focusing on the restructuring towards the BIC Holdings model, which includes the selection of strategic partner for share issuance to increase chartered capital
- Planning the capital increase in Lao-Viet Insurance Joint Venture Company (LVI) and purchasing shares of Cambodia-Vietnam Insurance Company

In the period of 2016 - 2020

- Completing and reinforcing the BIC Holdings model
- Enhancing general insurance business thanks to the share increase in BIDV Metlife Life Insurance Joint Venture.
- Making plans for capital increase in line with the strategy of increasing market share, product development and business expansion.
- Regaining the sixth position among biggest insurance firms in Vietnam non-life insurance market in terms of market share.
- Maintaining the average growth rate of insurance revenue (after consolidated) over 20% per year.
- Attaining ROE of at least 15% per year.



2013 is the sixth year that Vietnam macro economy had lower growth than potential with GDP growth rate of 5.42% - lower than the expected rate of 5.5%. It is also the continuous year of the longest economic downturn since 1990s Vietnam have ever faced.

OVERVIEW OF VIETNAM INSURANCE INDUSTRY IN 2013 AND OUTLOOK FOR 2014

VIETNAM MACRO ECONOMY IN 2013 AND OUTLOOK FOR 2014

Stability despite difficulties

2013 is the sixth year that Vietnam macro economy had lower growth than potential with GDP growth rate of **5.42%** - lower than the expected rate of **5.5%.** In the year, the economy faced with a lot of challenges, as follows:

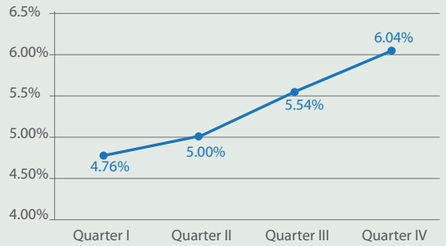
First, the risk of recurring high inflation was high as internal economic problems stayed unresolved;

Second, bad debts have not been treated, which is one reason for credit congestion and the inability to absorb capital in the economy. Enterprises, especially small and medium enterprises, had a lot of difficulties approaching loans, leading to the lasting dilemma of enterprises' capital shortage amidst banks' money excess.

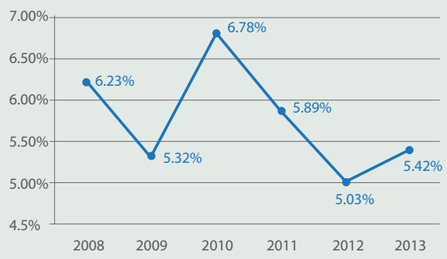
Third, lending interest rates, especially long-term and medium-term rates, were still high, thus not affordable enough for enterprises to expand the business.

Fourth, efforts to improve the real estate market yielded few optimistic results, as shown in the low liquidity of the market, despite the bailout package of 30,000 billion dong. Once liquidity of the market has not been improved, treatment of bad debts in commercial bank sector is still challenged.

Moreover, in 2013, the increasing instability of the global economy also negatively impacted Vietnam economy.



Vietnam's GDP in 2013



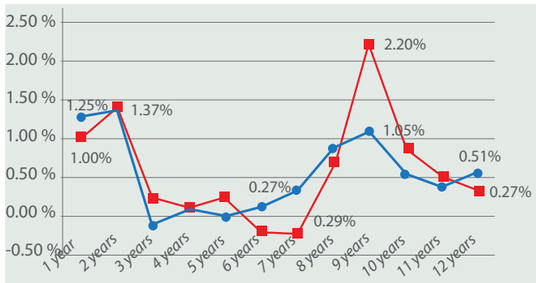
Vietnam's GDP from 2008 - 2013

The general economic goals of 2013 approved at the fourth session of the eighth National Assembly included strengthening economic stability, lower inflation rate and boost GDP growth rate; pushing for the economy's restructuring and growth pattern transformation. The targeted GDP growth rate GDP was set at about 5.5%, CPI under 8%.

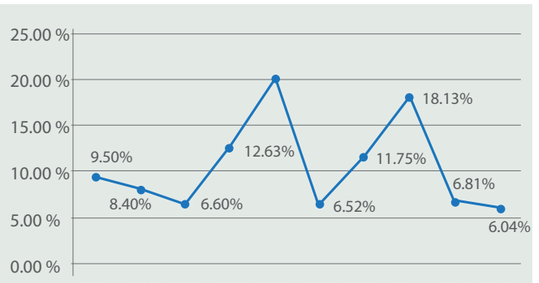
In order to fulfill these goals, the Government has adopted solutions such as the bailout package 30,000 billion dong to help clear inventories and bad debts, thus improve the real estate market; promoting credits for SMEs and commercial credits; reducing interest rates; and establishing state-owned Vietnam Asset Management Company (VAMC).

Therefore, at the end of 2013, there were some recovery signs, especially the lowest inflation rate within 10 recent years (6% against the target of 7 - 8%), the lowest interest rate (short-term interest rate about **8 - 9%** per year), and a fairly stable exchange rate. Moreover, the stock market has recovered with VN Index increasing about **22%** compared to 2012. Trade balance was considerably improved, with export turnover estimated at **132.2 billion USD**, increasing **15.4%** in comparison with 2012. Import turnover is estimated at about **131.3 billion USD**, increasing **15.4%** compared to the previous year. Thus, the trade surplus in 2013 was over **0.9 billion USD**, up from **780 USD billion** in 2012. According to the General Statistics Office, Foreign Direct Investment (FDI) in the year was estimated about **21.6 billion USD**, of which total disbursed capital was about **11.5 billion USD**, the highest level of FDI flow in four years.

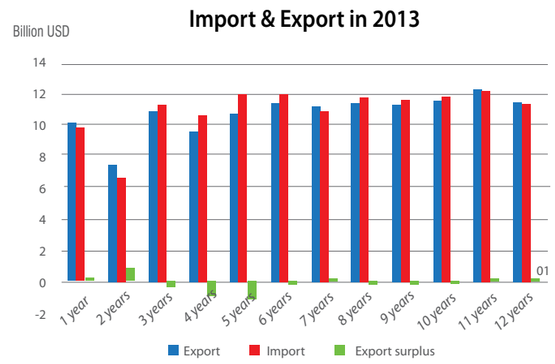
(1): Source: General Statistics Office

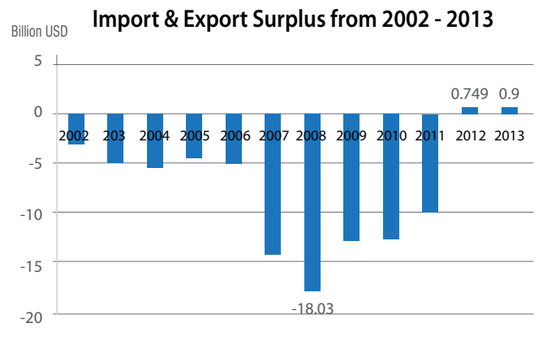


CPI's Vietnam in 2012, 2013



CPI from 2004 - 2013





Source: General Statistics Office

Based on the economic recovery of Vietnam in the end of 2013, the target GDP growth for 2014 was set at 5.8%, demonstrating the Government's determination to put the economy back to its growth trajectory and the optimism about its upcoming recovery.

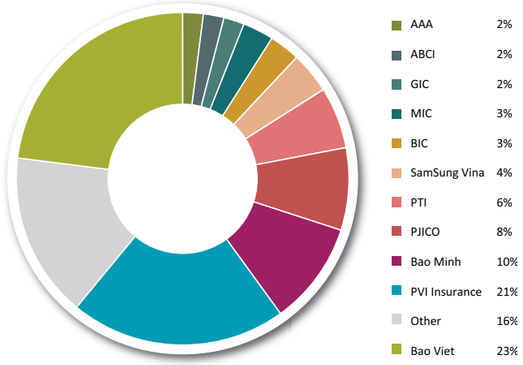
Therefore, in BIC's view, 2014 is an important year marking the recovery of the economy from the bottom of the downturn.

THE NON-LIFE INSURANCE MARKET IN 2013 AND OUTLOOK FOR 2014

Vietnam non-life insurance industry had a considerable decline in growth in 2013. Total insurance revenue in the year was **24.426 billion don**g, a **7%** increase in comparison with the previous year and the lowest growth rate in the last four years (the growth rates in 2010, 2011, 2012 were respectively **24,5%**, **17.5%** and **10.5%**. Total investment capital to the economy from non-life insurance firms was **24,265 billion dong**, increasing **14%** compared to 2012.

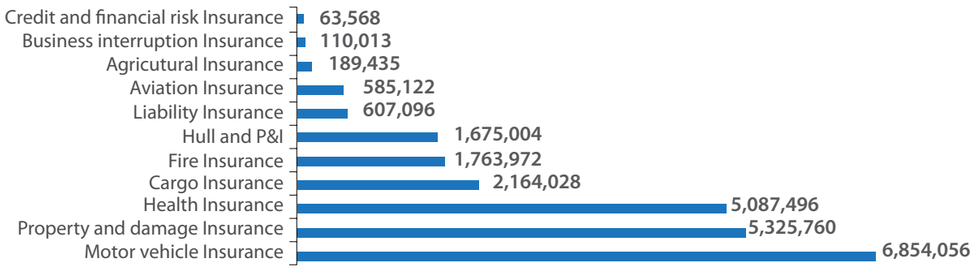
Some causes of the downturn were economic difficulties, the decrease in investment and public expenditures, low credit growth and bad business of many enterprises leading to a fall in insurance demands and insolvency for insurance fees. Moreover, competition by reducing insurance premium rate to attract clients also reduced insurance revenue and profits.

However, there were still shining points in the market such as: diversified distribution channel, and more professional insurance agencies, expanding business network, improving product and service quality to serve customers' needs better, not going for unsustainably fast growth and cutting down on inefficient insurance products,... have helped insurance firms maintain a stable growth rate in 2013 and prepare for higher growth in 2014.



Market share chart in 2013

Unit: billion dong



Total insurance revenue for insurance lines in 2013

(2): Source: Ministry of Finance

The growth in total insurance premium in 2014 is estimated at about 10-11% in comparison with 2013. Upcoming events expected to positively impact the market development are:

- Since January 1st 2014, Circular No.232/2013/TT-BTC regulating some accounting regimes for non-life insurance, reinsurance and foreign insurance firms in Vietnam officially takes effect with regulations more favorable to insurance firms, such as not offsetting underwriting reserves in financial statements, clearer accounting regulations for financial investments… Thanks to these changes, business results of insurance firms will meet the international standards and is likely to be improved.
- The completion and application of the database project for civil liability insurance of vehicle owners will help insurance firms mitigate insurance frauds in the market
- Tough underwriting management methods applied in some insurance firms not only meet requirements of reinsurance but also improve underwriting profitability, increasing business efficiency despite higher insurance risks in 2013. This is a positive trend towards a more healthy competition in the market. On the other hand, with the improved business efficiency, renewal of reinsurance contracts will be easier for insurance firms in 2014.

As for insurance firms, they will focus on improving business efficiency with long-term solutions such as restructuring, R&D, diversifying distribution channels, improving customer service…to meet customer demands better. As a result, their management and competitiveness will be enhanced, leading to substantial positive changes in Vietnam insurance market.



BUSINESS PERFORMANCE OF BIC IN 2013

Despite difficult business conditions in 2013, with the group's commitment and effective solutions, BIC still had a successful year with impressive business results and fulfilled most criteria in the assigned plan.

Consolidated business performance

After increasing the ownership in Lao-Viet Insurance Joint Venture Company up to 65%, BIC issued consolidated financial reports since August 2nd 2013. LVI's positive business results in the last four months of the year considerably contributed to the consolidated business performance of BIC in 2013, as details:

- **Total consolidated revenue of BIC reached 1,206.172 billion dong, increasing nearly 20% in comparison with 2012; of which total direct insurance premium was 855.868 billion dong and reinsurance premium reached 83.627 billion dong.**
- **Net consolidated profit before taxes reached 125.593 billion dong**
- **Total consolidated assets reached 1,755.769 billion dong**
- **Total consolidated equity reached 791.936 billion dong**
- **Total underwriting reserves reached 482.26 billion dong**

Separate business performance of the parent company

Revenue growth

Total insurance revenue of BIC (before consolidated) reached 894.94 billion dong, increasing 18.7% compared to 2012 and being 105.3% of the assigned plan; of which, total direct insurance premium reached 792.26 billion dong, increasing 18,2% and reinsurance premium reached 102.68 billion, increasing 22,4% compared to the previous year.

Due to retail promotion, revenue from motor vehicle and personal class dramatically increased at a rate of 26.4% and 25% respectively. Besides, revenue of cargo class increased nearly 60% thanks to effective sales promotion. They were the main engines for the significant growth of insurance revenue in 2013. Especially, in 2013, total premium from motorbike insurance- the product that was strongly promoted the last two years, increased two times in comparison with 2012.

Composition of underwriting premiums

Unit: billion dong

SN	Class	2012		2013	
		Revenue	%	Revenue	%
1	Property and damage	173.654	25.90	187.770	23.70
2	Motor vehicle	244.024	36.40	308.374	38.92
3	Hull and P&I	51.153	7.63	36.183	4.57
4	Fire	80.629	12.03	96.514	12.18
5	Cargo	33.466	4.99	53.293	6.73
6	Personal accident and healthcare	65.831	9.82	82.150	10.37
7	Liability	3.691	0.55	4.392	0.55
8	Aviation	6.046	0.90	17.051	2.15
9	Business interruption	1.476	0.22	4.986	0.63
10	Credit and financial risk	10.406	1.55	1.550	0.20
Total		**670.377**		**792.263**	

Profit

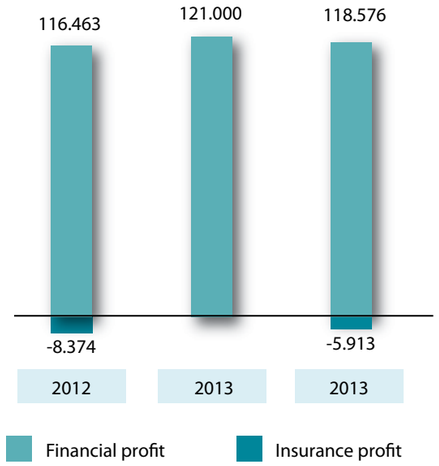
Thanks to great efforts in cutting operating expenses, decreasing loss rate, controlling insurance receivables, … total profit before taxes of BIC in 2013 reached 113.28 billion dong, increasing 4.3% in comparison with 2012, in particulars:

- Insurance activities have not gained profit yet due to negative impacts of the market. Due to big storms in 2013 and serious damages of one plane of Laos Airlines, the average loss rate of 2013 increased. Moreover, the average reinsurance commission was about 26.5%, decreasing 2.5% compared to 2012.
- Investment activities contributed 118.57 billion dong to total revenue in 2013, which is lower than expected due to the sudden sharp

Total assets and equity

Total assets at December 31th 2013 reached 1,574.98 billion, increasing 12.1% compared to 2012. Of which, short-term investment accounted for 64% of total assets, while long-term investment's proportion was 15%.

Total equity was about 777.95 billion dong, increasing 2% compared to 2012. Total underwriting reserves reached 440.78 billion dong, increasing nearly 20% compared to the previous year, indicating that the liquidity of BIC was good enough for arising big loss payments if any.



TOTAL ASSETS AND EQUITY

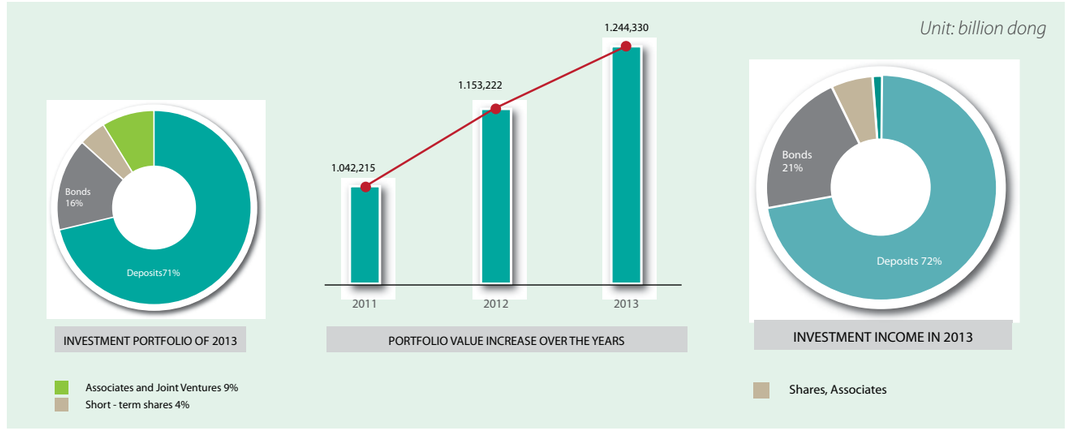
Investment portfolio of 2013

Unit: Billion dong

SN	ITEMS	31/12/2012		31/12/2013	
		Value	Proportion	Value	Proportion
I	**Short-term investments**	**900.090**		**1,000.717**	
1	Listed shares	35.349	3.07%	50.169	4.35%
2	OTC	34.7010	3.01%	5.438	0.47%
3	Deposits	815.828	70.74%	901.000	78.13%
4	Short-term corporate bonds	27.000	2.34%	44.900	3.89%
5	Provision for devaluation of stock	(12.797)		(789.797)	
II	**Long-term investments**	**253.133**		**243,613**	
1	Unlisted bonds	170.146	14.75%	150.146	13.02%
2	Investment in joint-venture firm Capital contribution	23.837	2.07%	34.660	3.01%
3	Long-term provision for devaluation of stock	76.090	6.60%	76.090	6.60%
4		(16.940)		(17.283)	
Total		**1,153.222**	**100%**	**1,244.330**	**100%**

Due to decrease of interest rate, deposit income decreased 15.8% in comparison with 2013. However, it still accounted for up to 72% of total investment income of BIC. Bond income was 21% of total investment income. Therefore, investment income from fixed assets amounted to 93% of total income.

At the same time, thanks to the improvements of stock market, income from stocks and capital contribution significantly increased, reaching 7.410 billion dong.



In 2013, BIC purchased 14% more of LVI's shares to increase the ownership in this joint venture to 65% and the consolidated financial reports have been issued since the third quarter of 2013. LVI's business performance in the last four months of the year considerably contributed to the consolidated performance of BIC in 2013.

Performance of financial investment activities of BIC in 2013

SN	Item	2012 (million dong)	2013 (million dong)	+/- 2013 against 2012	
				Value	Change
1	Deposit	103.684	87.336	(16.348)	-15.8%
2	Bond	20.215	24.982	4.766	23.6%
3	Stock and capital contribution	(6.095)	7.410	13.505	-221.6%
4	Profit/loss from exchange rate changes	232	(248)	(480)	-206.8%
5	Others	(1.573)	(904)	669	-42.5%
6	**Total**	**116.463**	**118.576**	**2.112**	**1.8%**

BUSINESS PERFORMANCE OF OVERSEAS JOINT VENTURES

BUSINESS PERFORMANCE OF LVI



GENERAL INFORMATION ABOUT LVI

LVI was established in 2008 based on the cooperation of three partners including BIDV Insurance Corporation, Banque Pour Le Commerce Exterieur Lao (BCEL) and Lao-Viet Bank. Over the years that it operated, LVI has made rapid growth in terms of personnel and business network covering most areas in Laos. Going for sustainable development, LVI has focused on Information technology and developing new distribution channels, being the first insurance firms in Lao market deploying Bancassurance. Improving claim quality and customer service are always priorities of this company in order to ensure clients' benefits as well as LVI's reputation in the market.

BUSINESS PERFORMANCE OF LVI IN 2013

The adverse weather condition in Laos with big storms and various fatal accidents caused serious losses to Government, enterprises and people who are LVI's existing clients in terms of life and properties in 2013. Despite these challenges, the company still achieved good business result, as follows:

- Total insurance revenue reached 9,068,704USD, increasing 34% compared to 2012 and fulfilling 103% of the plan assigned by the BOD for 2013
- Loss rate dramatically decreased to 37%; total claim expense reduced about 28%.
- Total profit before taxes significantly increased up to 750,726USD, 26% higher than the previous year and 10% higher than the assigned plan
- Total assets at December 31th 2013 reached 11,782,094USD, increasing 90% compared to the same time of 2012.
- Total equity reached 3,875,812USD, increasing 17% comparing to the amount at December 31th 2012
- Total underwriting reserves was 2,055,230USD, increasing 38% in comparison with the amount at December 31th 2012

Other business performance

- **Cost management:** Savings and cost control were properly implemented, contributing to the positive business result of LVI this year
- **Underwriting management:** Vehicle physical damage insurance product based on records in speedometer (LVI KM) was launched in 2013 and resulted in a promising amount of revenue. Moreover, risk selection and risk management in underwriting process were implemented carefully.
- **Advertising and Branding:** LVI logo appeared in most provinces in Laos, in Airplanes and Laos International Airport. Besides, some other advertising channels such as newspaper and radio were also utilized, making LVI a popular insurance brand in Laos.
- **Cross-selling with banks to provide insurance services:** By signing cooperation contracts with such banks as LVB, APB, STbanks, Indochinabank, at the end of 2013, LVI had more than 120 points of sales applying Bancassurance.
- **Laos Government's Certificate of Merits:** In 2013, LVI was awarded the Certificate of Merits from Congress Chairman and the Prime Minister of Laos.

BUSINESS PLAN IN 2014

Despite challenges ahead, in2014, BIC is determined to expand the business, reinforce its market position and increase the competitive capability in the market in terms of product and service quality… The main targets of 2014 include:

- **Promoting Bancassurance:** Increasing the number of POS to apply by cooperating with other banks like BCEL, Indochinabank
- **Enhancing the management of the business:** Especially in claim activities, HR training, IT development and risk management.
- **Developing new products:** To better serve Laos clients' demands

CAMBODIA VIETNAM INSURANCE COMPANY (CVI)



GENERAL INFORMATION ABOUT CVI

CVI is the seventh biggest insurance firm in Cambodia market. Its establishment and development is based on 57 years experience of BIDV in finance - banking field, insurance experience of the joint venture BIDV-QBE and BIC after ten years operating in Vietnam and Laos market.

Founding shareholders of CVI include IDCC (100% owned by BIDV), Kasimex, NH Holdings. Coming into operation since September of 2009, CVI operates in the fields of non-life insurance, reinsurance, risk management and financial investments.

The vision of CVI is to be among biggest non-life insurance firms in Cambodia market, contributing to the development of Cambodia economy and strengthening the long lasting cooperation between Cambodia and Vietnam.

BUSINESS PERFORMANCE IN 2013

Some key financial results

- Total insurance revenue reached 3,209,990 USD, increasing 8.2% in comparison with the previous year and fulfilling 80% of the assigned plan for 2013
- Loss rate was 13.36%, the lowest level in recent years. Besides, claim settlement speed was also improved.
- Total profit before taxes was 233,362 USD, increasing 8.4% compared to 2012 and fulfilling 99% the plan assigned by BOD for 2013.
- Total assets at December 31th 2013 reached 8,801,334 USD, increasing 6.8% compared to that at December 31th 2012
- Equity was 7,452,872 USD, increasing 3.2% compared to that at December 31th 2012
- Total underwriting reserves was 235,594 USD, decreasing 21% compared to that at December 31th 2012.

Performance of other activities

- Financial management: cost control and saving were properly implemented, contributing to the positive business performance of CVI in 2013
- Underwriting management: together with better risk management, this activity was enhanced in order to ensure a safe and efficient business operation
- Advertising and branding: they were also improved to support sales and attract new clients

Business targets of 2014:

- Insurance revenue: 4,332,918 USD, a 35% increase compared to 2013.
- Profit before taxes of 506.874 USD, a 29% increase compared to 2013.
- Market share: being the firth biggest insurance firms in Cambodia market
- Retained loss rate: no more than 35%

BIC'S ACHIEVEMENTS IN 2013

HUMAN RESOURCES DEVELOPMENT

Viewing human resources as a key factor to success, BIC has focused on human resources development activities in recent years.



Staff training

In order to train all staffs based on BIC's standards, many training courses were arranged in the year to improve working knowledge and skills for staffs to meet the working requirements. The number of trained staffs over total staffs in 2013 was about 89.5%, fulfilling 106% of the plan. Contents of training courses were varied, covering main activities including accounting, human resources, marketing and soft skills.

It is the first year the online underwriting examination software was applied to examine the knowledge levels of staffs to develop suitable training programs

Besides outsourcing training courses, BIC has its internal trainers who are BIC's staffs with deep knowledge and rich experience in the insurance field. By arranging internal training courses, discussions and forums, managers and their staffs could exchange experience and knowledge to come up with ideas and solutions to improve BIC's operations.

In the next year, training activities will continue to be enhanced, especially the training programs for key staffs in order to meet the human resources requirements for the next development phase of BIC.

Recruitment and human resources development activities

In order to meet the human resources requirements, BIC constantly conducting head-hunting and new staff recruitment , particularly targeting at experienced salespersons and managers in the non-life insurance field.

As for current staffs, the company commits to offer fair and competitive incentives balanced between income and other benefits, in order to keep talents and attract high-qualified human resources in the market. Key criteria of the incentive program are as follows:

- Salary is determined based on market situation and work performance, and is re-evaluated yearly.
- Bonus for staffs with good work performance
- Long-term financial support program
- Investment opportunities with attractive stock plans

Cultural, sports and social activities for staffs

In order to create a friendly and sharing working environment for all staffs in the company, entertainment, sports and social activities were frequently held in the year, such as:

- Sports activities including tennis and football cup
- Annual music contest of BIDV and BIC
- Parties celebrating International Women Day (8th March) and Vietnamese Women Day (20th Oct), Mid-Autumn party for staffs' children and gift-giving to children on International Children's day…
- Visits and support for disadvantaged people

These activities played an important part in connecting staffs in the company, creating unity and collective strength for BIC to overcome all challenges ahead



CORPORATE CULTURE

BIC always pays special attention to corporate culture. After 8 years of operation, core values of the company have been established to make BIC one insurance firm with a distinctive culture in Vietnam non-life insurance market. This helps connect staffs and create an inclusive workplace that motivates staffs to be their bests and contribute to BIC's development.

BIC culture is based on the core values of BIC brand, which are professionalism, trust, and integrity. Each staff is a brand ambassador to deliver these values to their clients.

Convenient services and dedicated consultancy

BIC's offerings have met most insurance demands of clients with high quality insurance products and good reputation. Thanks to professional and dedicated staffs, BIC's clients will be consulted to get the most adequate services for their demand and financial ability. BIC also delivered good customer services before and after sales to offer clients the best service package.

Solidarity, dynamism and creativity

In the context of difficult economic situation, BIC has overcome all challenges to excellently fulfill the business plan thanks to the solidarity of the whole company working towards one target. Externally, BIC built its relationship with clients based on the principle of "respect, cooperation and mutual benefits".

BIC is also a dynamic environment where each individual is a creator of valued innovation ideas to improve BIC's business performance. Dynamism and creativity are important values that BIC wants to develop in preparation for its integration in the global market.

Contributions to community development

Besides wining the trust of clients, shareholders and employees, BIC usually organize charity programs to fulfill its responsibilities to the community, such as donation for victims of flood, mid-autumn party for poor children, walking for victims of dioxin, singing to patients in the hospital, and offering scholarships to poor students, etc. These programs, which were initiated by Youth Union and Labor Union in BIC, attracted many BIC's staffs nationwide.

Responsibilities for clients, shareholders, employees, and the society have contributed to the reputation for the BIC brand.

RISK MANAGEMENT

An effective financial and risk management framework can protect shareholders from events that hinder the achievement of financial objectives. Realizing this, BIC has established a risk management function of which terms of reference were unanimously agreed upon by the BOD and related committees. In addition, the organizational structure and legal documents clearly stated authorities and responsibilities of the BOD, BOM and other senior managers. A policy framework has been developed and implemented, which sets out the risk profile of the corporation, as well as risk management, control and business conduct standards in the corporation's operation. Each policy has a member of the BOM overseeing the compliance with it in the whole corporation.

Risk management objectives, policies and processes for management of insurance risks

The primary insurance activity of the corporation 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 the corporation is exposed to the uncertainty surrounding, the timing and severity of claims under the contract. The corporation also has exposure to market risks through its insurance and investment activities.

BIC manages its insurance risks by underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring emerging issues.

Capital risk management and regulations

The first and foremost objective of capital management is to meets the required chartered capital of a non-life insurance firm and to support the business development. Realizing the impact on shareholders' benefits on their amount of shares in the company, in these three years, BIC has always tried to maintain the balance in its capital structure.

Chartered capital requirement is regulated clearly in Vietnam Insurance Laws to ensure the regulated liquidity level and repayment capability of the company. Requirements of liquidity applied to each non-life insurance firm were regulated by the Ministry of Finance

	Liquidity margin of BIC *(million dong)*	**Minimum liquidity margin of BIC** *(million dong)*	**Liquidity ratio (%)**	
31/12/2013	657.684	135.140	487%	(16.348)
31/12/2012	715.124	120.695	593%	4.766

Underwriting strategy

BIC's underwriting strategy seeks the diversity for products, distribution channel and focus on the most profitable products to ensure a balanced mix of business portfolio. It is based on a large portfolio of similar risks over a number of years and as such reduces the variability of the business outcome

Reinsurance strategy

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 risk and limit the exposure from each insured case. The amount of the risk retained depends on the corporation's evaluation of the specific risk, subject to certain circumstances to maximum limits based on characteristics of coverage. Under the terms of reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the corporation 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 meeting BIC's credit rating standards, either assessed by rating agencies or by the corporation's internal process, will be chosen.

INFORMATION TECHNOLOGY

BIC views IT as one of core elements to sharpen the productivity and competitiveness, and thus has heavily invested in it over the years. Source code solutions were studied and applied for management purpose. Numerous software were also developed to serve the business operation such as open source code SVN Server and TortoisesSVN Client to manage software projects, Framework Nhibernate and CodeSmith to enhance software quality and lower processing time, and others such as Visual Studio 2008, NetAdvantage 2009 and Microsoft SqlServer 2008.

The management of all networks' operation is centralized and online; therefore, the head office can update the business performance of each member company at any time. BIC is one of few insurance companies in Vietnam which successfully set up such modern IT system. The system is being upgraded to support the companies in management, operation and risk management.

Thanks to its solid IT infrastructure, BIC manages to deploy its distribution channels via commercial banks, ATM, SMT, the Internet and telephone, etc. to boost sales and offer more utilities and convenience to customers. BIC has 5 major channels namely direct sales, sales via agents, sales via brokers, online sales and sales via bank (Bancassurance). BIC is currently taking the first position regarding Bancassurance and the pioneer in e-insurance.

The online conference system, known as Conference call, and online training conducted have helped to strengthen the link between head office and member companies nationwide, enhancing the operation management and saving operating cost.

Especially, in 2014, Business Intelligence (BI) shall be studied and applied step by step in integral solution application and smart data exploitation. BI is a state-of-the-art solution, providing sufficient, rapid and well-definition data, which support quick data exploitation, accurate reporting and effective business administration.

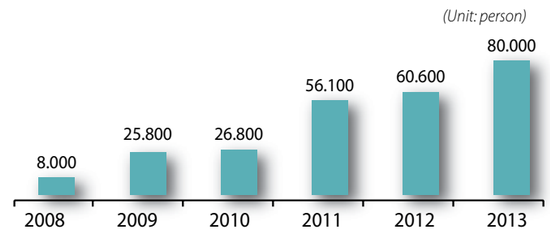
IT reinforces BIC in developing new and current products and services such as BIC health care, personal accident, guarantee insurance, comprehensive house insurance, small and medium size enterprise insurance, rubber insurance, etc.

DIVERSIFICATION OF PRODUCT AND DISTRIBUTION CHANNEL

When revenue development from traditional services stood still in the difficult business context, BIC restructured product portfolio and client list, focusing on personal customers, SMEs and diversifying retail distribution channels. Consequently, its retail products kept growing well, contributing remarkably to the total revenue. Thanks to numerous sale promotion programs including customer care, gift-giving, preferential offered fee, etc., several products attracted many customers such as personal accident and high-class health care insurance, international travelling insurance… Besides, potential products such as credit and finance risk insurance and responsibility insurance are soon to be completed to take full advantages of market in the future.

Paralleling with diversified products, distribution channel development was another priority last year. BIC has consolidated the operation of 22 subsidiaries and over 104 sales offices nationwide to further exploit direct sales, and at the same time invested to reinforced two modern retail channels, known as Bancassurance and E-business. As a result, revenue from personal products distributed via Bancassurance channel saw a 20% increase in comparison with 2012, and that of E-business channel grew more than 80% in comparison with 2012. The statistics prove BIC's position as leading player in term of Bancassurance (in both number of available products and distribution network) as well as pioneer in term of E-business where all necessary procedures are carried out online at the website www.baohiemtructuyen.com.vn. Personal Agent and Telesales channels have been deployed and started to show positive results in 2013.

Number of Customers served via Bancassurance channel



CUSTOMER SERVICE AND SURVEY AND CLAIM

Customer Service

In 2013, customer service achieved exceptional outcomes, of which customer satisfaction measurement is an outstanding activity.

As of December 2013, BIC carried out the measurement on 13,200 customers whose claims were settled. BIC also received and answered 7.060 customer's calls in and made 13,300 calls out via BIC's Call Center.

Various customer care programs including VIP Care 2013, Appreciation of Frequent Customers , Thank-you Month with Lots of Presents, etc. have become regular activities, offering significant added values to customers.

Thanks to the above-mentioned efforts, re-signing ratio was high, being 70% in terms of number of certificates and 73%

in terms of collected premium. In 2014, BIC will keep strengthening customer service with the following focuses:

- Strengthening the management and monitoring resigning ratio to assure that in 2014 above 72%;
- Producing new customer policy, and then implementing it simultaneously and effectively in the network;
- Enhancing customers and internal satisfaction measurement, assuring relevant and valid results to improve customer service in the whole network;
- Assuring accurate data entry of customer information into the system;
- Last but not least, BIC shall accomplish 24/7 Call Center System, install server supporting automatic message sending and software managing calls out, upgrade the technical system, and gradually shift to use new hotline 1900.9456.

Survey and Claim Service

Most severe ever storms affecting Vietnam in 2013 such as Haiyan, Wutip, Nari, etc. significantly increased claim cases to 23% more than in 2012. Despite that, approximately 100% of arising cases were settled thanks to BIC's extra efforts and the principles of being fast, definitive and satisfactory in claim settlement. According to several measurement results, customer satisfaction for claim settlement in 2013 was over 90%, increasing 10% in comparison with 2012.

Besides, proficiency and experience of claim executives have been sharpened over work situations and training courses. Some costly and complicated cases were observed by claim executives from the head office early at site surveys to better understand the practices, provide detailed guidance and closely control damages.

Supporting service network including garages (for relieve, survey and repair) and affiliate hospitals/ medical care centers were also reinforced and expanded.

Claim ratio in 2013 was maintained at an acceptable limit, which was lower compared to in 2012 and to market average.

PUBLIC RELATIONS AND BRAND DEVELOPMENT

Branding is a key factor in winning target customer trust, therefore, BIC has invested a significant budget in brand development annually. Therefore, while most insurance companies cut down on marketing expenses in such a tough year as 2013, BIC still spent tens of billion dong for its brand building strategy.

BIC brand appears nationwide, at major economic centers, in important highways and/or within provinces/ cities territory. As a young and dynamic insurance company, BIC applied modern and advanced advertising channels (ie. via Google keyword, Facebook and other electronic means), which popularized the brand not only in Vietnam but also overseas.

Paralleling with advertising channels, BIC carried out many attractive sales promotion programs, which made the brand more familiar to customers. Moreover, BIC brand is frequently attached to BIDV brand at BIDV transaction offices, events, fairs, exhibitions, charity programs, etc. These factors combined with recognized quality service platform contributed to make BIC a more accepted and favorite brand.

Along with external PR programs, internal communications were also promoted to create a corporate culture known as "One BIC - one heartbeat". BIC village – an internal website of BIC, where staffs can access to get updates and share both personal and organizational activities, became more popular and accepted as a forum to exchange information about BIC among the staffs. Annual programs like teambuilding, awards for excellent departments and individuals attracted staffs' interests and made a unique culture of BIC.

TARGET AND PLAN 2014

MAIN BUSINESS TARGETS IN 2014

Criteria	Unit	2014
Total premium	Billion dong	1,000
Profit before tax (*)	Billion dong	130

(*) consolidated and exclusive of CVI

TARGET IN 2014

- Continue to consolidate business platform for better business performance
- Reinforce BIC's position in insurance market through several solutions such as revenue growth pushing, reasonable profit maintainance and market share expansion.

Strengthen risk management and cost control, creating large number to elevate operating efficiency.

MAIN ACTIVITIES IN 2014

- Selecting strategic shareholder(s) and increasing chartered capital.
- Completing requirements for AM Best international credit rating.
- Co-operating with BIDV to activate the life insurance joint venture between BIDV and MetLife.
- Accelerating procedures to recieve CVI's share transference, and supporting the operation of LVI and CVI to increase market share and business efficiency.

CORPORATE GOVERNANCE

PERSONNEL CHANGE IN THE BOD

There were personnel changes in the BOD and an independent member was elected in 2013, as below:

No.	BOD'S MEMBERS	TITLE	NO. OF HOLDING SHARE	HOLDING SHARE/ TOTAL SHARE (%)	APPOINTMENT/ DISMISSAL
1	**Mr. Pham Quang Tung**	Chairman	230,000	0,3485%	
2	**Mr. Tran Xuan Hoang**	Vice Chairman			No longer in-charge from 04th November 2013
3	**Mr. Trinh Minh Tam**	Member			No longer in-charge from 04th November 2013
4	**Mr. Dang Quang Vinh**	Member			No longer in-charge from 04th November 2013
5	**Ms. Nguyen Thi Thanh Van**	Member	10,000	0.0152%	
6	**Mr. Ton Lam Tung**	Member and General Director	37,476	0.0568%	Being in-charge from 04th November 2013
7	**Mr. Le Ngoc Lam**	Member	0	0	Being in-charge from 04th November 2013
8	**Ms. Dang Thi Hong Phuong**	Independent Member	0	0	Being in-charge from 04th November 2013

ACTIVITIES OF BOD

There were 3 centralized meetings taking place within 2013 including the 10th , 11th and 12th Meeting in 2010 - 2015 term dated 21st February 2013, 30th July 2013 and 15th November 2013 respectively, detailed as below:

MEETING SESSION	PARTICIPANTS	MAIN CONTENTS
10th Meeting	**BOM:** 5/5 members **Board of Supervisors:** 3/3 members	• Reporting the business performance in 2012 and approving financial settlement in 2012 • Approving business orientation in 2013 • Approving Annual Shareholders Meeting plan in 2013 • Discussing new charter issuance
Dated 21st February 2014	**BOD:** 5/5 members **BOM:** 5/5 members **Board of Supervisors:** 3/3 members	• Evaluating business performance for first 6th months of 2013 and identifying business focus for the last months • Approving staff rotation policy within BIC • Approving BIC restructure scheme
11th Meeting	**BOD:** 4/5 members **BOM:** 5/5 **Board of Supervisors:** 3/3	• Work hand-over between the new and the ex-members of BOM, and work assignment in the current BOM • Reporting business performance for the first 10th months of 2013 and identifying business focus for the last 2 months • Reporting the progress of following projects: BIC Dong Do establishment, LVI and CVI capital transference, BIDV-Metlife capital contribution

Matters arising among meetings were discussed, settled through mail/email and afterwards confirmed in the next meeting.

RESOLUTIONS RATIFIED BY THE BOD IN 2013

No.	RESOLUTION	ISSUANCE DATE	CONTENTS
1	**016/NQ-HĐQT**	25th February 2013	10th Meeting of BOD Resolution dated 21st February 2013
2	**029/NQ-HĐQT**	04th March 2013	Approval of contents submitted to 2013 Annual Shareholders Committee
3	**063/NQ-HĐQT**	10th April 2013	Treasury share selling
4	**087/NQ-HĐQT**	24th May 2013	Amendments on Resolution 063/NQ-HĐQT
5	**121/NQ-HĐQT**	06th August 2013	11th Meeting of BOD Resolution
6	**165/NQ-HĐQT**	25th September 2013	Extraordinary Shareholders Committee in 2013
7	**176/NQ-HĐQT**	01st October 2013	Personnel Change in GID's Board of Supervisors
8	**178/NQ-HĐQT**	03rd October 2013	Approval of the plan to increase Capital in LVI
9	**199/NQ-HĐQT**	18th November 2013	12th Meeting of BOM Resolution
10	**207/NQ-HĐQT**	12th December 2013	Delegating representative(s) to join the Member Committee of BIDV Metlife JV after set-up

SUBCOMMITTEE UNDER BOD

Investment Committee:

Members:

- Chairman of BOD - Chairman
- BOD's member in charge of finance – Vice Chairman
- Chief Executive Officer – Member
- Chief Financial Officer – Member
- Director of Finance & Accounting Division – Member
- Director of Risk Management Division – Member
- Director of Finance and Investment Division – Member

Activities: Investment Committee carried out a meeting on 23rd April 2013 to evaluate investment results in 2012, planned direct investment activities in 2013, and approved investment limits of BIC.

ACTIVITIES OF BOARD OF SUPERVISORS

Acting on behalf of shareholders to supervise BIC's performance, in 2013 the BOS completed the below work:

- Supervising the management and operation of BOD and BOM.
- Independently evaluating BIC's Financial Reports for 6 months and full year
- Reviewing and evaluating BIC's Internal Inspection Report as well as the correction after check.
- Performing other activities as required by Corporate Law, Company Charter, BOS's Operation Regulations and Shareholders Committee's Decision.

MANAGEMENT REPORT 2013

Salary, bonus, compensation and allowance

Pursuant to the approval of AGM, in 2013, BIC paid compensation and allowance to BOD's members as follows:

SN	Content	Payment (VND/month)	Paid in 2013
1	**Compensation, Allowance**	45,500,000	385,500,000
2	**Meeting Allowance (for 3 times)**		58,000,000
3	**Total**		443,500,000
	• Of which		
	• Withdraw from profit after taxes		358,500,000
	• Withdraw from expenditures applicable to direct managing members		85,000,000

Note:

Total compensation and allowance to members of BOD and Board of Supervisors in 2013 are inclusive that of Quarter IV/2012, which is 376,000,000 VND if exclusive of it

SN	Trading person(s)	Relationship with internal/ major shareholders	No. of share holdings at the beginning period		No. of share holdings at the end period		Increase/ Decrease Reason (Buy, sell, transfer, bonus…)
			No. of Share	Ratio	No. of Share	Ratio	
1	Nguyen Van Truong	Brother of BOD's member	5.000	0.008%	0	0	Sell

SHAREHOLDER RELATIONS

STOCK INFORMATION

INFORMATION OF BIC STOCK

	AS AT 31ST DECEMBER 2013	
Chartered capital	660,000,000,000	VND
Number of listed shares	66,000,000	Share
Type of shares	Ordinary	
Volume of trading shares	66,000,000	Share
Treasury shares	0	Share
Par value	10,000	VND/ Share

STATISTICS OF BIC SHARES TRADED IN 2013

	AS AT 31ST DECEMBER 2013	
Number of sessions	250	Session
Total trading volume	18,761,180	Share
Total trading value (VND)	184,036,975,000	VND
Average trading volume/day	62,442	Share
Highest trading volume in 52 weeks (05th April 2013)	544,698	Share
Lowest trading volume in 52 weeks (23rd September 2013)	10	Share
Highest trading price in 52 weeks (20th December 2013)	14,600	VND/Share
Lowest trading price in 52 weeks (07th March 2013)	7,100	VND/Share

HISTORY OF DIVIDEND PAYMENT

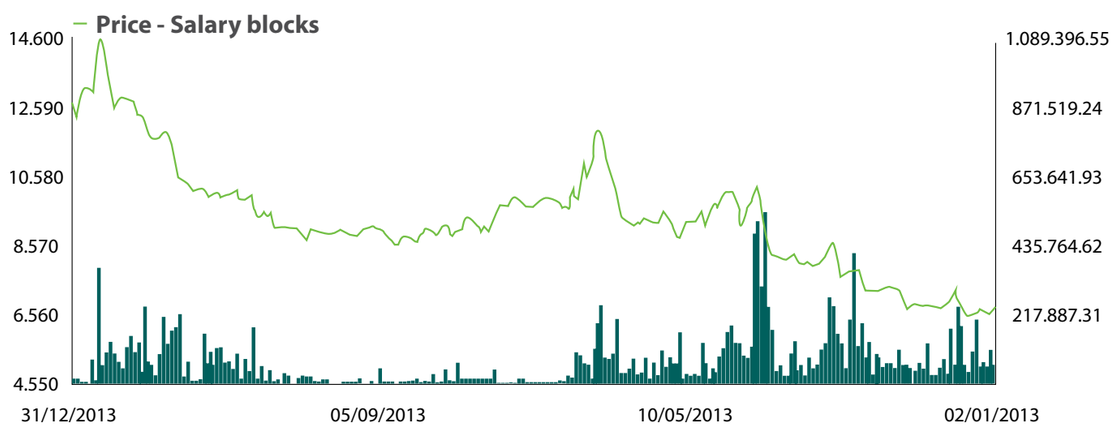
Year	Dividend ratio	Implementing date
2013	**10% ***	May 2014 (*)
2012	**10%**	26th April 2013
2011	**10%**	26th April 2012

(*) Planned

FLUCTUATION OF BIC SHARE IN COMPARISON WITH MARKET

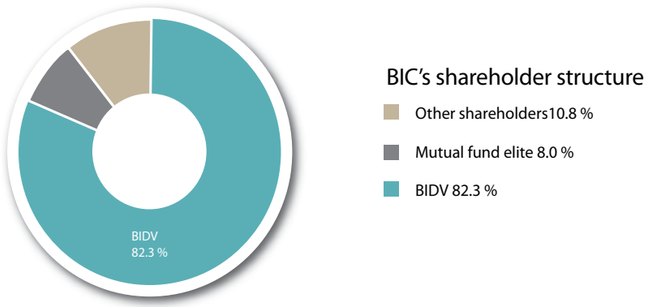
In 2013, BIC witnesses an impressive increase of 70.6% in the price of BIC stock, outperforming that of VN Index of only 22%. The share touched its peak of 14,600 VND/share on 20th December 2013. BIC stock positive performance reasonably reflects improving macro-economic conditions, more stable business growth and foreign investors' interests in the company.

PRICE FLUCTUATION OF BIC SHARE IN 2013



Source: HOSE

SHAREHOLDERS STRUCTURE



SHARE HOLDING STRUCTURE ON GEOGRAPHY

Holdings on Geographic	No. of Shares	Ratio	No. of Shares	Ratio
Vietnam	772	95.8%	61.337.120	92.9%
• **Personal**	766	95.0%	6.697.753	10.1%
• **Institutional**	6	0.7%	54.639.367	82.8%
Foreign	17	2.1%	4.662.880	7.1%
• **Personal**	14	1.7%	37.200	0.1%
• **Institutional**	3	0.4%	4.625.680	7.0%
TOTAL	**806**	**100%**	**66.000.000**	**100%**

HOLDING STRUCTURE ON QUANTITY

No, of Shares	No, of Shareholders	Ratio	No, of Shareholders	Ratio
1-999	303	37,6%	94,831	0,1%
1,000 - 10,000	441	54,7%	1,456,340	2,2%
10,001 - 1,000,000	59	7,3%	2,371,760	3,6%
Over 1,000,000	3	0,4%	62,077,069	94,1%
Total	**806**	**100%**	**66,000,000**	**100%**

(*) As at 10th October 2013

INVESTOR RELATIONS

BIC's investor relations aim to protect shareholders' benefits, comply with regulations, and ensure transparent and timely information disclosure.

Protecting shareholders' benefits

BIC always puts shareholders' benefit protection as top priority in investor relations management, such as:



- Willingly support shareholders' with requests such as share transference, shareholder information adjustment, additional share issuance depository, and shareholder certificate re-issuance.
- Improve shareholders' consulting and support service: investor relations team was further trained on enhancing professionalism in managing investor relations and maximizing shareholders' benefits.
- Comply with regulations on information disclosure and ensure shareholders' easy and timely access to information

TRANSPARENT AND TIMELY INFORMATION DISCLOSURE

SPOKESMAN

Mr. Vu Minh Hai
Deputy General Director of BIDV Insurance Company

Email: Congbothongtin.bic@bidv.com.vn

SHAREHOLDER ASSISTANCE TEAM

Finance and Investment Division - BIDV Insurance Company

Address: 16th Floor, Block A, Vincom Tower, 191 Ba Trieu St., Hanoi.

Tel: 04. 22200282 (ext.: 312)

Transparency is key factor since the early establishment at BIC. Apart from complying with regulations on information disclosure after listing, BIC always keeps its information available and transparent in order that investors have timely access to the information by:

- Creating a Standard Operations Procedures to ensure full compliance with regulations regarding periodic and extraordinary information disclosure, utilizing various media such as Hochiminh Stock Exchange, State Security Commission, BIC's website and other communication channels as required for investors' most convenient access to information
- Apart from required information disclosure, BIC also actively provides shareholders other necessary information for better decisions, such as quarterly business performance, personnel appointments, establishment of new subsidiary and sales offices.

BIDV INSURANCE CORPORATION
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