

**VIETNAM NATIONAL REINSURANCE
JOINT STOCK CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2016



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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2016.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

The members of the Boards of Management and General Directors of the Corporation who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Le Song Lai	Chairman
Mr. Phan Kim Bang	Member
Mr. Martyn Parker	Vice Chairman
Mr. Pham Cong Tu	Member
Mr. Tran Vinh Duc	Member
Mr. Dao Nam Hai	Member
Mr. Pham Sy Danh	Member
Mr. Beat Schnegg	Member
Mr. Mai Xuan Dung	Member

Board of General Directors

Mr. Pham Cong Tu	General Director
Mr. Dang The Vinh	Deputy General Director (resigned on 01 September 2016)
Mr. Nguyen Manh Linh	Deputy General Director (appointed on 01 September 2016)
Mr. Mai Xuan Dung	Deputy General Director
Mr. Yves-Danil Conchand	Deputy General Director

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of General Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going-concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of General Directors,



Pham Cong Tu
General Director

Hanoi, 28 February 2017

INDEPENDENT AUDITORS' REPORT

**To: The shareholders
The Boards of Management and General Directors
Vietnam National Reinsurance Joint Stock Corporation**

We have audited the accompanying consolidated financial statements of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation"), prepared on 28 February 2017 as set out from page 04 to page 43, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of General Directors' Responsibility for the consolidated financial statements

The Board of General Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting and for such internal control as the Board of General Directors determines is necessary to enable the preparation of 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 auditors consider 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 the Board of General Directors, 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 present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.



Nguyễn Tuấn Anh
Audit Director

Audit Practising Registration Certificate
No. 1291-2013-001-1

Pham Tuan Linh
Auditor

Audit Practising Registration Certificate
No. 3001-2014-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

28 February 2017
Hanoi, S.R. Vietnam

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening Balance
A. CURRENT ASSETS (100=110+120+130+140+150+190)	100		4,974,630,577,596	5,278,551,452,636
I. Cash and cash equivalents	110	5	75,029,558,127	215,489,620,218
1. Cash	111		70,829,558,127	200,489,620,218
2. Cash equivalents	112		4,200,000,000	15,000,000,000
II. Short-term financial investments	120	6	2,045,815,094,125	1,974,741,015,580
1. Trading securities	121		19,154,237,103	31,067,564,861
2. Provision for impairment of trading securities	122		(325,057,978)	(6,726,549,281)
3. Held-to-maturity investments	123		2,026,985,915,000	1,950,400,000,000
III. Short-term receivables	130		961,571,460,468	988,251,433,312
1. Short-term trade receivables	131	7	1,017,813,026,176	1,035,509,379,741
1.1. Receivables of insurance contracts	131.1		671,608,358,009	702,403,057,743
1.2. Other trade accounts receivable	131.2		346,204,668,167	333,106,321,998
2. Advances to suppliers	132		-	56,500,000
3. Other short-term receivables	136		342,986,056	338,755,051
4. Provision for short-term doubtful debts	137		(56,584,551,764)	(47,653,201,480)
IV. Inventories	140		53,899,538	206,866,990
1. Inventories	141		53,899,538	206,866,990
V. Other current assets	150		168,059,020,152	159,203,478,279
1. Short-term prepaid expenses	151	8	167,284,562,994	158,476,806,806
1.1. Unallocated commission expenses	151.1		162,868,724,418	158,476,806,806
1.2. Other short-term prepaid expenses	151.2		4,415,838,576	-
2. Value added tax deductibles	152		774,457,158	726,671,473
VI. Reinsurance assets	190		1,724,101,545,186	1,940,659,038,257
1. Unearned premium reserve for outward reinsurance	191		538,028,932,731	490,575,015,171
2. Claim reserve for outward reinsurance	192		1,186,072,612,455	1,450,084,023,086

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

ASSETS	Codes	Notes	Closing balance	Opening Balance
B. NON-CURRENT ASSETS (200=210+220+230+240+250+260)	200		1,375,719,859,874	1,186,755,428,812
I. Long-term receivables	210		22,000,000,000	22,000,000,000
1. Other long-term receivables	216		22,000,000,000	22,000,000,000
1.1. Insurance deposit	216.1		22,000,000,000	22,000,000,000
II. Fixed assets	220		16,033,364,231	25,264,330,092
1. Tangible fixed assets	221	10	6,495,512,172	8,583,315,430
- Cost	222		25,150,907,036	25,113,907,036
- Accumulated depreciation	223		(18,655,394,864)	(16,530,591,606)
2. Intangible assets	227	11	9,537,852,059	16,681,014,662
- Cost	228		32,434,195,934	32,434,195,934
- Accumulated amortisation	229		(22,896,343,875)	(15,753,181,272)
III. Investment property	230	12	12,400,600,817	13,817,812,339
- Cost	231		34,055,061,893	34,055,061,893
- Accumulated depreciation	232		(21,654,461,076)	(20,237,249,554)
IV. Long-term assets in progress	240		13,558,937,466	13,391,695,266
1. Construction in progress	242		13,558,937,466	13,391,695,266
V. Long-term financial investments	250	6	1,243,783,596,892	1,050,936,263,290
1. Investments in associates	252		202,802,787,058	186,566,776,135
2. Equity investments in other entities	253		476,140,070,000	472,000,270,000
3. Provision for impairment of long-term financial investments	254		(3,852,282,403)	(17,236,940,220)
4. Held-to-maturity investments	255		568,693,022,237	409,606,157,375
VI. Other non-current assets	260		67,943,360,468	61,345,327,825
1. Long-term prepaid expenses	261	8	1,274,232,265	2,737,416,738
2. Deferred tax assets	262		413,921,992	211,038,209
3. Other long-term assets	268	9	66,255,206,211	58,396,872,878
TOTAL ASSETS (270=100+200)	270		6,350,350,437,470	6,465,306,881,448

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

RESOURCES	Codes	Notes	Closing balance	Opening Balance
C. LIABILITIES (300=310+330)	300		3,595,005,021,683	3,812,072,305,307
I. Current liabilities	310		3,589,718,589,047	3,808,248,264,821
1. Short-term trade payables	311	13	865,492,353,438	836,534,241,830
1.1 Payables of insurance contracts	311.1		607,989,414,980	598,460,877,116
1.2. Other trade accounts payable	311.2		257,502,938,458	238,073,364,714
2. Short-term advances from customers	312		2,014,397,619	1,562,551,137
3. Taxes and amounts payable to the State budget	313	14	9,054,718,644	7,883,683,343
4. Payables to employees	314		16,045,137,270	14,028,770,977
5. Other current payables	319	15	5,981,538,353	70,799,143,985
6. Unearned commission income	319.1	15	112,089,806,982	104,434,105,144
7. Bonus and welfare funds	322		15,192,932,223	13,921,185,579
8. Under-writing reserves	329	16	2,563,847,704,518	2,759,084,582,826
8.1. Unearned premium reserves for inward reinsurance	329.1		789,464,591,202	750,087,992,887
8.2. Claim reserves for inward reinsurance	329.2		1,582,784,781,398	1,834,243,959,691
8.3. Catastrophe reserve	329.3		191,598,331,918	174,752,630,248
II. Long-term liabilities	330		5,286,432,636	3,824,040,486
1. Other long-term payables	337	15	3,216,822,676	2,864,775,901
2. Long-term provisions	342		2,069,609,960	959,264,585
D. EQUITY (400=410)	400		2,755,345,415,787	2,653,234,576,141
I. Owners' equity	410		2,755,345,415,787	2,653,234,576,141
1. Owners' contributed capital	411	17	1,310,759,370,000	1,310,759,370,000
- Ordinary share carrying voting rights	411a		1,310,759,370,000	1,310,759,370,000
2. Share premium	412	17	566,368,537,309	566,368,537,309
3. Investment and development fund	418	17	196,247,856,004	191,870,712,711
4. Compulsory reserve fund	419	17	114,427,745,725	103,484,887,493
5. Retained earnings	421	17	537,098,212,962	450,515,403,971
- Retained earnings accumulated to the prior year end	421a		319,439,466,971	294,219,533,934
- Retained earnings of the current year	421b		217,658,745,991	156,295,870,037
6. Non-controlling interests	429		30,443,693,787	30,235,664,657
TOTAL RESOURCES (440=300+400)	440		6,350,350,437,470	6,465,306,881,448

The accompanying notes are an integral part of these consolidated financial statements

OFF-BALANCE SHEET ITEMS

OFF-BALANCE SHEET ITEMS	Currency	Closing balance	Opening Balance
1. Foreign currencies			
United States Dollar	USD	6,421,292.55	8,381,359.93
Australian Dollar	AUD	383.11	400.63
Japanese Yen	JPY	32,363.00	33,815.00
Singapore Dollar	SGD	478.21	500.29
Great Britain Pound	GBP	187.81	194.41
Euro	EUR	180,250.61	180,029.78



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

Hanoi, 28 February 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

PART I: GENERAL CONSOLIDATED INCOME STATEMENT

Unit: VND

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	964,477,551,001	991,766,780,590
2. Financial income	12	216,337,521,129	214,820,980,122
3. Other income	13	14,721,212,478	15,483,600,730
4. Total expenses for insurance activities	20	818,356,988,482	893,251,421,348
5. Financial expenses	22	25,907,732,774	(3,126,134,030)
6. General and administration expenses	23	88,812,375,162	65,404,937,283
7. Other expenses	24	2,744,439,173	7,031,547,302
8. Net profit from associate	25	27,502,342,383	31,273,955,286
9. Loss from pilot agricultural insurance	26	(46,732,312)	-
10. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+25+26)	50	287,170,359,088	290,783,544,825
11. Current corporate income tax expense	51	47,388,463,218	49,687,681,626
12. Deferred corporate tax (income)/expense	52	(202,883,783)	19,932,765
13. Net profit after corporate income tax (60=50-51-52)	60	239,984,779,653	241,075,930,434

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2016

PART II: CONSOLIDATED INCOME STATEMENT BY ACTIVITY

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Insurance premium (01 = 01.2-01.3)	01	18	1,615,531,301,918	1,564,341,904,156
- Inward reinsurance premium	01.2		1,655,557,770,806	1,617,142,212,907
- Increase in unearned premium reserve for inward reinsurance	01.3		40,026,468,888	52,800,308,751
2. Outward reinsurance premium (02 = 02.1-02.2)	02	19	1,046,187,700,508	977,476,921,403
- Outward reinsurance premium	02.1		1,094,034,381,793	1,003,698,253,815
- Increase in unearned premium reserve for outward reinsurance	02.2		47,846,681,285	26,221,332,412
3. Net insurance premium (03 = 01-02)	03		569,343,601,410	586,864,982,753
4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)	04		395,133,949,591	404,901,797,837
- Commission income from outward reinsurance	04.1		219,843,156,945	206,685,148,032
- Other income from insurance activities	04.2	20	175,290,792,646	198,216,649,805
5. Net revenue from insurance activities (10=03+04)	10		964,477,551,001	991,766,780,590
6. Claim settlement expenses (11=11.1)	11		960,920,990,969	1,074,032,964,965
- Total claim settlement expenses	11.1		960,920,990,969	1,074,032,964,965
7. Claim receipts from ceded policies	12		700,149,869,512	742,339,034,035
8. (Decrease)/increase in claim reserve for inward reinsurance	13		(254,549,864,081)	265,115,068,515
9. (Decrease)/increase in claim reserve for outward reinsurance	14		(266,798,257,259)	267,470,688,657
10. Total insurance claim settlement expenses (15=11-12+13-14)	15	21	273,019,514,635	329,338,310,788
11. Increase in catastrophe reserve	16		16,845,701,670	18,403,318,772
12. Other expenses for insurance activities (17=17.1+17.2)	17		528,491,772,177	545,509,791,788
- Insurance commission expenses	17.1		340,266,357,974	332,946,516,626
- Other expenses for insurance activities	17.2	22	188,225,414,203	212,563,275,162
13. Total expenses for insurance activities (18=15+16+17)	18		818,356,988,482	893,251,421,348
14. Gross profit from insurance activities (19=10-18)	19		146,120,562,519	98,515,359,242

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2016

PART II: CONSOLIDATED INCOME STATEMENT BY ACTIVITY (Continued)

ITEMS	Codes Notes		Current year	Prior year
15. Financial income	23	23	216,337,521,129	214,820,980,122
16. Financial expenses	24	24	25,907,732,774	(3,126,134,030)
17. Gross profit from financial activities (25=23-24)	25		190,429,788,355	217,947,114,152
18. General and administration expenses	26	25	88,812,375,162	65,404,937,283
19. Net profit from operating activities (30=19+25-26)	30		247,737,975,712	251,057,536,111
20. Other income	31		14,721,212,478	15,483,600,730
21. Other expenses	32		2,744,439,173	7,031,547,302
22. Profit from other activities (40=31-32)	40		11,976,773,305	8,452,053,428
23. Share of net profits of associate	40.1		27,502,342,383	31,273,955,286
24. Loss from pilot agricultural insurance	40.2	27	(46,732,312)	-
25. Accounting profit before tax (50=30+40+40.1+40.2)	50		287,170,359,088	290,783,544,825
26. Current corporate income tax expense	51	29	47,388,463,218	49,687,681,626
27. Deferred corporate tax (income)/expense	52	29	(202,883,783)	19,932,765
28. Profit after corporate income tax (60=50-51-52)	60		239,984,779,653	241,075,930,434
<i>Attributable to:</i>				
Shareholders of the Corporation	61		239,776,750,523	242,587,261,637
Non-controlling interests	62		208,029,130	(1,511,331,203)
29. Basic earnings per share	70	30	1,777	1,802

Nguyen Thanh Cong
Preparer

Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director


Hanoi, 28 February 2017

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT
(Direct method)

For year ended 31 December 2016

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Receipts from inward and outward insurance activities	01	614,320,769,133	711,375,841,572
2. Payments for inward and outward insurance activities	02	(416,906,000,524)	(451,663,312,615)
3. Payments for employees	03	(37,038,487,827)	(34,061,092,970)
4. Payments for corporate income tax	05	(46,594,766,144)	(49,100,000,000)
5. Receipts from other activities	06	5,510,433,330	6,023,317,227
6. Payments for other activities	07	(15,778,538,783)	(25,253,155,676)
Net cash generated by operating activities	20	103,513,409,185	157,321,597,538
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(160,367,200)	(1,280,955,283)
2. Cash outflow for lending, buying debt instruments of other entities	23	(1,561,862,112,913)	(1,617,364,844,860)
3. Cash received from lending, selling debt instruments of other entities	24	1,314,534,517,187	1,360,031,966,696
4. Investments in other entities	25	(4,139,800,000)	-
5. Interest earned, dividends and profits received	27	203,664,147,878	206,681,863,718
Net cash (used in) investing activities	30	(47,963,615,048)	(51,931,969,729)
III. Cash flows from financing activities			
1. Dividends and profits paid	36	(196,718,736,500)	(196,271,082,000)
Net cash (used in) financing activities	40	(196,718,736,500)	(196,271,082,000)
Net (decrease) in cash (50 = 20+30+40)	50	(141,168,942,363)	(90,881,454,191)
Cash and cash equivalents at the beginning of the year	60	215,489,620,218	297,587,919,060
Effects of changes in foreign exchange rates	61	708,880,272	8,783,155,349
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	75,029,558,127	215,489,620,218


Nguyen Thanh Cong
Preparer


Luu Thi Viet Hoa
Chief Accountant


Pham Cong Tu
General Director

Hanoi, 28 February 2017

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

1. GENERAL INFORMATION

Structure of ownership

Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") was incorporated under Establishment and Operation License No. 28/GP/KDBH dated 15 November 2004 issued by the Ministry of Finance and Amended License No. 28/GPDC4/KDBH dated 12 August 2014.

The number of employees as at 31 December 2016 was 100 (31 December 2015: 96).

Operating industry and principal activities

The operating industry and principal activities of the Corporation are to provide reinsurance services, to make financial investments and perform other activities permitted by law.

Normal production and business cycle

The Corporation's normal production and business cycle is carried out for a time period of 12 months or less.

The Corporation's structure

As at 31 December 2016, the Corporation has a subsidiary namely Vinare Investment Joint Stock Company with the Corporation's proportions of ownership interest and voting power held of 63.9% and 60%, respectively.

As at 31 December 2016, the Corporation has an associate namely Samsung Vina Insurance Ltd with the Corporation's proportion of ownership interest and voting power held of 25% each.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2015.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to interim financial reporting.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Corporation's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE AND REGULATION

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of General Directors has applied Circular 53 in the preparation and presentation of the Corporation's consolidated financial statements for year ended 31 December 2016.

On 01 July 2016, the Government issued Decree No. 73/2016/ND-CP ("Decree 73") on details of the implementation of the law on insurance business and amendments to certain articles of the law on insurance business. Decree 73 is effective from 01 July 2016. The Board of General Directors has adopted Decree 73 in the preparation and presentation of the Corporation's consolidated financial statements for the year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results could differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and an enterprise controlled by the Corporation (its subsidiary) prepared for the year ended 31 December 2016. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation. Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associate

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these interim financial statements using the equity method of accounting. Interests in associate are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transactions with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash, cash equivalents, short-term trade receivables, claim reserve for outward reinsurance and short-term and long-term financial investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise short-term trade payables, other payables, claim reserve for inward reinsurance and long-term deposits received.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Receivables represents the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Provision for doubtful debts is estimated as follows:

With regard to customers with total insurance-related receivables balance less than total insurance-related payables balance, no provision should be made. In the contrary case, the Corporation will offset the insurance-related payables balance with the insurance-related receivables balance based on the principle of offsetting the ones that have been overdue for the longest time to the shortest time. The outstanding balance by client after offset, according to Circular No. 228/2009/TT-BTC dated 07 December 2009, will be subject to provision for doubtful debts on the following basis:

- No provision is made for accounts receivable overdue for less than 06 months;
- For accounts receivable overdue from 06 to less than 12 months, the provision is made at the rate of 30%;
- For accounts receivable overdue from 12 to less than 24 months, the provision is made at the rate of 50%;
- For accounts receivable overdue from 24 to less than 36 months, the provision is made at the rate of 70%;
- For accounts receivable overdue for 36 months or more, the provision is made at the rate of 100%.

Swap contracts

Swap contracts are agreements to settle in cash at a future date based on determined foreign exchange rate. As at inception date of agreements, the Corporation pays an original amount denominated in foreign currency to counterparty and records this amount in account receivable. Concurrently, the Corporation records an amount denominated in VND from the counterparty in accounts payable. Gain/loss from swap contracts are recognized in the consolidated income statement over the terms of agreements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

	Current year (Years)
Buildings, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets represent reinsurance software, which is amortized using the straight-line method over the estimated useful life of 5 years.

Financial investments

a. Trading securities

Trading securities are securities held by the Corporation for trading purposes. Trading securities are recognized from the date the Corporation obtains the ownership of those securities and initially measured at the fair value of payments made at the transaction date plus directly attributable transaction costs.

In the subsequent financial years, investments in trading securities are measured at cost less provision for impairment of such investments.

Provision for impairment of investments in trading securities is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods and construction works at enterprises.

b. Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent and ability to hold to maturity. Held-to-maturity investments include term deposits and other held-to-maturity investments.

Held-to-maturity investments are recognized on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognized in the consolidated income statement on an accrual basis. Pre-acquisition accrued interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

c. Equity investments in other entities

Equity investments in other entities represent the Corporation's equity investments in ordinary shares of the entities over which that the Corporation has no control, joint control or significant influence.

Equity investments in other entities are stated at cost less provision for impairment of the investments. Provision for impairment of the equity investments in other entities is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods and construction works at enterprises, Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties

Investment properties, which are composed of office buildings held by the Corporation to earn rentals, are stated at cost less accumulated depreciation. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25 years.

Prepayments

Prepayments are expenses which have already been paid by relate to results of operations of multiple accounting periods. Prepayments comprise costs of tools and supplies issued for consumption, unallocated commission expenses and other expenses which are expected to provide future economic benefits to the Corporation. These expenditures have been capitalised as prepayments, and are allocated to the consolidated income statement using the straight-line method for the period over which the expected future economic benefits flow to the Corporation.

Payable provisions

Payable provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the Board of General Directors' best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date.

Insurance deposits

The Corporation is obliged to pay a deposit equal to 2% of the legal capital, the deposit shall bear interest in accordance with the agreement reached with the bank to which it is paid and the Corporation may withdraw the whole amount of their deposit upon termination of its operation. The Corporation may only use its insurance deposit to meet undertakings to purchasers of insurance when its solvency is inadequate and upon written approval of the Ministry of Finance.

Revenue recognition

Inward reinsurance premium is recognised at the establishment of contractual agreement and following the statement of accounts agreed by the Corporation and the re-insurers. Outward reinsurance premium is recognised when the Corporation receives an acceptance statement of the re-insurer following the respective reinsurance notices issued by the Corporation. Such recognition is in conformity with regulations of financial regime applicable to insurance enterprises.

Commission income and other incomes from reinsurance activities are recorded on accrual basis. In the year, the entire outward reinsurance premium under outward reinsurance contracts signed in accordance with regulations of the applicable financial regime is presented in the item "Commission income from outward reinsurance".

At the year end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this year so as to allocate such commission income to the subsequent accounting year under 25% rate method for cargo insurance and 50% rate method for other kinds of insurance.

Income from stock investments is recognised upon a notification of profit-sharing released by the investee.

Interest income from deposits, public bonds, bank debentures, Government bonds, and loans is recognised when incurred.

Income from office leasing is recognised when incurred.

Expenditures

Claim settlement expenses for direct insurance are recorded as incurred, when the Corporation accepts to settle the insured's claims following respective settlement notice.

Claim settlement expenses for inward reinsurance are recorded as incurred following the statement of accounts the reinsurers send to the Corporation and the claim is accepted by the Corporation. Claim receipts from ceded policies are recognized based on the receivable amount incurred corresponding with the claim settlement expenses recorded in the year and the ceded ratios.

Commission expenses for inward reinsurance are recognized corresponding to inward reinsurance premium incurred. In the year, the entire commission expenses for inward reinsurance under inward reinsurance contracts signed in accordance with regulations of the financial regime are presented in the "Commission expenses for inward reinsurance" items.

At the period year, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the year yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent accounting years under 25% rate method for cargo insurance and 50% rate method for other kinds of insurance.

Other income and expenses relating to insurance activities

With respect to deposits arising from reinsurance contracts, other incomes from insurance activities are recognized when the Corporation receives the deposits and other expenses for insurance activities are recognized when the deposits are returned.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Corporation for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each financial year. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

Foreign currencies

- The Corporation applies an accounting exchange rate of 22,500 VND/USD in the year (for the year ended 31 December 2015: 21,400 VND/USD) to transactions arising in foreign currencies during the year. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the payment date. Such exchange differences are recorded in the consolidated income statement.

- Liabilities and receivables relating to recognition of revenue and expenses from reinsurance for the year denominated in USD: At the balance sheet date, balances of receivables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 22,715 VND/USD (as at 31 December 2015: 22,450 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,785 VND/USD (as at 31 December 2015: 22,540 VND/USD). Such exchange differences are recorded in the consolidated income statement.
- Liabilities and receivables relating to recognition of revenue and expense from reinsurance for the year denominated in currencies other than USD at the balance sheet date are translated into USD at the accounting exchange rate as follow: At the balance sheet date, balances of receivables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 22,715 VND/USD (as at 31 December 2015: 22,450 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,785 VND/USD (as at 31 December 2015: 22,540 VND/USD). Such exchange differences are recorded in the consolidated income statement.
- With regard to monetary assets, receivables and liabilities denominated in foreign currencies that are not related to recognition of revenue and expense for the year, the Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" issued by the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchanges differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Enterprise funds

The compulsory reserve fund is made up at the rate of 5% of the Corporation's profit after tax until it is equal to 10% of the Corporation's charter capital.

All profits are used to pay dividends to shareholders, allocate to compulsory reserve fund, investment and development fund and bonus and welfare funds. The allocation ratio shall be decided by the shareholders at the General Shareholder's meeting at the request of the Board of Management. However, according to the Corporation's Charter, the Board of Management may pay interim dividends if they are certain about the profit of the Corporation.

Under-writing reserves

On 19 April 2012, the Ministry of Finance issued Official Letter No. 5297/BTC-QLBH on the registration of the method to make reserves for insurance transactions of the Corporation since 2012. Accordingly, under-writing reserves of the Corporation in the year are made as follows:

Premium reserve: This reserve is provided for at 25% of the inward reinsurance premium and outward reinsurance premium for the year for all types of cargo insurance (by land, seaway, waterway, railway and airway) and at 50% of the inward reinsurance premium and outward reinsurance premium for other types.

Claim reserves:

- For losses that have been incurred and reported, the Corporation makes compensation reserves for inward reinsurance and outward reinsurance by the method of each case based on the level of responsibility to losses that have been incurred and reported.
- For claim reserve for inward reinsurance and outward reinsurance for losses that have been incurred but not yet reported (IBNR), the Corporation applies the rate of 5% of the inward reinsurance premium and outward reinsurance premium over all types of insurance.

Catastrophe reserve: This reserve is made annually under statistical method (at a rate of 3% of the retained premium rate of all transactions) until it reaches 100% of the premium retained in the year in accordance with Decree No. 46/2007/ND-CP issued by the Government dated 27 March 2007 ("Degree No. 46") and superseded by Decree No. 73/2016/ND-CP issued by the Government dated 01 July 2016 effective from 01 July 2016.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard No. 19 - "Insurance Contract" and Decision No. 100/2005/QĐ-BTC, effective from 2006. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves, including catastrophe reserve, for future claim compensation if claims are not incurred on the balance sheet date, which included Catastrophe reserve. Currently, Decree No. 46/2007/ND-CP issued by the Government dated 27 March 2007 ("Degree No. 46") and Decree No. 73/2016/ND-CP issued by the Government dated 01 July 2016 effective from 01 July 2016, effective from 01 July 2016, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made catastrophe reserve for the year ended 31 December 2016 should be more prudent than what is regulated in VAS 19.

Reserves for the Corporation's outward/inward reinsurance should be presented under separate items in the consolidated balance sheet. Accordingly, unearned premium reserve and claim reserve for inward reinsurance and catastrophe reserve are recognized as payables while unearned premium reserve for outward reinsurance and claim reserve for outward reinsurance are recognized as reinsurance assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5. CASH AND CASH EQUIVALENTS

	Closing balance	Opening Balance
	VND	VND
Cash on hand	2,168,042,373	2,201,818,272
Bank demand deposits	68,661,515,754	198,287,801,946
Cash equivalents	4,200,000,000	15,000,000,000
	75,029,558,127	215,489,620,218

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6. FINANCIAL INVESTMENTS

	Closing balance			Opening balance		
	Historical cost VND	Fair value VND	Provision VND	Historical cost VND	Fair value VND	Provision VND
a) Trading securities	19,154,237,103	18,829,179,125	(325,057,978)	31,067,564,861	25,877,908,800	(6,726,549,281)
- Total value of stocks	19,154,237,103	18,829,179,125	(325,057,978)	31,067,564,861	25,877,908,800	(6,726,549,281)
+ Bank for Investment and Development of Vietnam Insurance Corporation (BIC)	-	-	-	1,458,310,200	2,626,241,500	-
+ Military Commercial Joint Stock Bank (MBB)	9,493,272,330	9,422,700,000	(70,572,330)	114,205	131,400	-
+ Song Da 10 Joint Stock Company (SDT)	-	-	-	10,004,752,882	7,115,440,000	(2,889,312,882)
+ FPT Joint Stock Company (FPT)	9,291,055,275	9,291,055,275	-	9,291,055,275	9,660,000,000	-
+ PetroVietnam General Services Joint Stock Company (PET)	-	-	-	7,435,328,889	5,676,240,500	(1,759,088,389)
+ Others	369,909,498	115,423,850	(254,485,648)	2,878,003,410	799,855,400	(2,078,148,010)
b) Held-to-maturity investments	2,595,678,937,237		(1,893,633,934)	2,360,006,157,375		-
b1) Short-term	2,026,985,915,000		-	1,950,400,000,000		-
- Short-term deposits (i)	2,026,985,915,000		-	1,920,400,000,000		-
- Bonds (iii)	-		-	30,000,000,000		-
b2) Long-term	568,693,022,237		(1,893,633,934)	409,606,157,375		-
- Long-term deposits (ii)	185,000,000,000		-	68,000,000,000		-
- Bonds (iii)	170,000,000,000		-	180,000,000,000		-
- Entrustment investments (iv)	207,371,816,174		(1,893,633,934)	147,926,617,979		-
- Other long-term investments	6,321,206,063		-	13,679,539,396		-
c) Equity investments in other entities	678,942,857,058		(1,958,648,469)	658,567,046,135		(17,236,940,220)
- Investments in associate	202,802,787,058		-	186,566,776,135		-
- Investments in other entities (v)	476,140,070,000		(1,958,648,469)	472,000,270,000		(17,236,940,220)

- (i) Short-term deposits represent deposits with original terms of over 3 months and remaining maturities as at 31 December 2016 of under 12 months at domestic commercial banks, with interest rates from 6.0 % to 7.5% per annum.
- (ii) Long-term deposits represent term deposits with terms of more than 12 months at domestic commercial banks and Home Credit Vietnam Limited Company, with interest rates from 7.1% to 10.2% per annum.
- (iii) Bonds include corporate bonds and Government bonds with the maturities from 01 year to 06 years and interest rates from 7.255% to 9.5% per annum.
- (iv) Entrustment investments represent investments under trust contracts signed with Vietcombank Fund Management, Bao Viet Fund Management Co., Ltd. and Saigon Securities Incorporation under which, the Corporation shall bear all risks related to the escrow account.
- (v) Investments in other entities include any investments in other companies over which the Corporation does not have the right to control or significant influence. Details of share capital contributions are as follows:

	Proportion of ownership interest as at 31/12/2016	Closing balance VND	Opening Balance VND
Equity investments in:			
Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Post- Telecommunication Joint Stock Insurance Company	4.42%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.00%	10,139,800,000	6,000,000,000
Global Insurance Joint Stock Company	4.40%	17,600,000,000	17,600,000,000
Phu Hung Insurance Joint Stock Company	2.26%	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	1.68%	2,695,000,000	2,695,000,000
Hung Vuong Insurance Joint Stock Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.47%	278,000,000,000	278,000,000,000
		476,140,070,000	472,000,270,000

At the date of these consolidated financial statements, the Corporation has assessed and made provision for impairment of equity investments as at 31 December 2016 based on the investees' financial statements for the year ended 31 December 2016. For investees whose financial statements for the year ended 31 December 2016 have not been available yet, the Corporation used the latest financial statements collected for assessment. Information on bonus shares received as at 31 December 2016 of these investees are as follows:

	Par value	Number of shares
Petrolimex Joint Stock Insurance Company	10,000	353,056
Tien Phong Commercial Joint Stock Bank	10,000	2,500,000
Post- Telecommunication Joint Stock Insurance Company	10,000	381,024
Sai Gon - Ha Long Hotel	10,000	96,000
FPT Joint Stock Company	10,000	32,250
Military Commercial Joint Stock Bank	10,000	32,050

Details of the associate of the Corporation as at 31 December 2016 are as follows:

Associate	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Samsung Vina Insurance Co., Ltd.	Ho Chi Minh City	25%	25%	Non-life insurance

Summary of financial information about Samsung Vina Insurance Co., Ltd. is presented as follows:

	Closing balance VND	Opening Balance VND
Total assets	1,825,635,499,315	1,930,758,954,110
Total liabilities	1,014,424,351,084	1,184,491,849,571
Net assets	811,211,148,231	746,267,104,539
The Corporation's share of the associate's net assets	202,802,787,058	186,566,776,135
	Current year VND	Prior year VND
Revenue	250,891,320,409	342,528,350,254
Net profit	110,009,369,534	125,095,821,144
The Corporation's share of the associate's net profit	27,502,342,383	31,273,955,286
	Current year VND	Prior year VND
Opening balance	186,566,776,135	167,306,051,992
The Corporation's share of the associate's net profit	27,502,342,383	31,273,955,286
Influenced by changing the proportion of ownership	-	1,707,031,069
Dividends received	(11,266,331,460)	(13,720,262,212)
Closing balance	202,802,787,058	186,566,776,135

- Summary of the performance of the associate in the year: the Corporation's associate has stable operation under registered operation sectors in the year ended 31 December 2016.
- The significant transactions between the Corporation and its associate in the year, are as follows:

+ The Corporation and Samsung Vina Insurance Co., Ltd. jointly enter into transactions of inward/outward reinsurance premium, inward/outward reinsurance commissions and outward/inward reinsurance claim.

The fair value of these investments is determined as follows:

- The fair value of trading securities actively traded on financial markets is determined according to the closing price on the nearest day of the reporting date.
- At the reporting date, fair value of other investments of which information for fair value determination is inadequate shall not be determined.

7. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
Receivables from insurance contracts	671,608,358,009	702,403,057,743
- Receivables from inward reinsurance	318,381,313,467	245,413,218,686
- Receivables from outward reinsurance	337,470,356,660	416,571,252,771
- Other receivables from reinsurance activities	15,756,687,882	40,418,586,286
Other trade receivables	346,204,668,167	333,106,321,998
- Accrued gains on investments	87,350,808,582	96,504,533,675
- Other receivables related to swap contracts	245,322,000,000	224,500,000,000
- Other receivables	13,531,859,585	12,101,788,323
	1,017,813,026,176	1,035,509,379,741

8. PREPAID EXPENSES

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
a) Short-term	167,284,562,994	158,476,806,806
Unallocated commission expenses	162,868,724,418	158,476,806,806
- Opening balance	158,476,806,806	144,750,901,483
- Unallocated commission expenses incurred in the year	344,658,275,586	346,672,421,949
- Commission expenses allocated in the year	340,266,357,974	332,946,516,626
- Closing balance	162,868,724,418	158,476,806,806
Other prepaid expenses	4,415,838,576	-
b) Long-term	1,274,232,265	2,737,416,738
Golf card expenses	1,155,018,932	1,212,037,690
Other long-term prepaid expenses	119,213,333	1,525,379,048
	168,558,795,259	161,214,223,544

9. OTHER LONG-TERM ASSETS

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
Paragon Tower Project	20,620,952,000	20,620,952,000
Tincom Plaza (360 Giai Phong road) Project	45,634,254,211	37,775,920,878
	66,255,206,211	58,396,872,878

Other long-term assets represent long-term deposits for contracts on properties purchase. The Board of General Directors has evaluated and believed there is no significant decline in impairment of the deposits.

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
COST	VND	VND	VND	VND	VND
Opening balance	15,170,997,037	2,980,277,071	6,677,092,474	285,540,454	25,113,907,036
Additions	-	-	37,000,000	-	37,000,000
Closing balance	15,170,997,037	2,980,277,071	6,714,092,474	285,540,454	25,150,907,036
ACCUMULATED DEPRECIATION					
Opening balance	9,249,077,463	2,482,874,509	4,548,458,555	250,181,079	16,530,591,606
Additions	607,376,367	205,821,750	1,294,632,641	16,972,500	2,124,803,258
Closing balance	9,856,453,830	2,688,696,259	5,843,091,196	267,153,579	18,655,394,864
NET BOOK VALUE					
Closing balance	5,314,543,207	291,580,812	871,001,278	18,386,875	6,495,512,172
Opening balance	5,921,919,574	497,402,562	2,128,633,919	35,359,375	8,583,315,430

As at 31 December 2016, the total cost of tangible fixed assets includes VND 3,121,726,830 (as at 31 December 2015: VND 3,087,526,830) of assets which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

The balance of intangible assets as at 31 December 2016 mainly represents cost and accumulated amortisation of reinsurance software.

12. INCREASES, DECREASES IN INVESTMENT PROPERTY

Items	Open balance VND	Increase VND	Decrease VND	Closing Balance VND
Investment properties held for rentals				
Cost	34,055,061,893	-	-	34,055,061,893
- Building (i)	34,055,061,893	-	-	34,055,061,893
Accumulated depreciation	20,237,249,554	1,417,211,522	-	21,654,461,076
- Building (i)	20,237,249,554	1,417,211,522	-	21,654,461,076
Net book value	13,817,812,339	-	-	12,400,600,817
- Building	13,817,812,339	-	-	12,400,600,817

(i) Represent the cost and accumulated depreciation of the building at No. 141 Le Duan Street, corresponding to the lease area.

According to Vietnamese Accounting Standard No. 05 - *Investment Properties*, fair value of investment property as at 31 December 2016 is required to be disclosed. As assessed by the management, the value of the Corporation's investment property in accounting records has represented its fair value.

13. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
Payables of insurance contracts	607,989,414,980	598,807,995,047
- Payables for inward reinsurance activities	229,001,466,355	193,579,100,580
- Payables for outward reinsurance activities	369,980,894,859	365,873,692,786
- Other payables for reinsurance activities	9,007,053,766	39,355,201,681
Other trade accounts payable	257,502,938,458	237,726,246,783
- Temporary Withholding Tax collection (2% of overseas reinsurance premium)	7,359,399,849	10,159,550,306
- Other payables related to swap contracts	247,769,600,000	224,559,970,000
- Other payables	2,373,938,609	3,006,726,477
	865,492,353,438	836,534,241,830

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>Opening Balance</u>	<u>Payable during</u>	<u>Paid during the</u>	<u>Closing balance</u>
	VND	the year	year	VND
Value added tax on domestic sales	82,808,521	1,624,931,421	1,517,354,664	190,385,278
Corporate income tax	7,687,964,277	47,388,463,218	46,594,766,144	8,481,661,351
Personal income tax	20,879,655	6,534,514,109	6,205,712,661	349,681,103
Business license tax	-	4,000,000	4,000,000	-
Other taxes and charges payable	92,030,890	2,509,501,592	2,568,541,570	32,990,912
Total	7,883,683,343	58,061,410,340	56,890,375,039	9,054,718,644

15. OTHER PAYABLES

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
a) Short-term	118,071,345,335	175,233,249,129
Unearned commission income	112,089,806,982	104,434,105,144
- Opening balance	104,434,105,144	97,838,561,942
- Unearned commission income incurred in the year	227,498,858,783	213,280,691,234
- Commission income allocated in the year	219,843,156,945	206,685,148,032
- Closing balance	112,089,806,982	104,434,105,144
Other current payables	5,981,538,353	70,799,143,985
Dividends payable	-	65,646,669,500
Other payables	5,981,538,353	5,152,474,485
b) Long-term	3,216,822,676	2,864,775,901
Long-term deposits	3,216,822,676	2,864,775,901
	121,288,168,011	178,098,025,030

16. UNDER-WRITING RESERVES

Claim reserve and Unearned premium reserve	Opening Balance		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
I. Normal activities			
1. Claim reserve	1,569,647,935,058	1,174,195,287,768	395,452,647,290
Reserve for losses incurred and reported	1,486,870,046,517	1,119,493,568,678	367,376,477,839
Reserve for losses incurred not yet reported	82,777,888,541	54,701,719,090	28,076,169,451
2. Unearned premium reserve	789,464,591,202	538,028,932,731	251,435,658,471
II. Pilot agricultural insurance activities			
1. Claim reserve	13,136,846,340	11,877,324,687	1,259,521,653
Reserve for losses incurred and reported	13,136,846,340	11,877,324,687	1,259,521,653
Reserve for losses incurred not yet reported	-	-	-
2. Unearned premium reserve	-	-	-
	2,372,249,372,600	1,724,101,545,186	648,147,827,414

In which:

Claim reserve	Current year		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
I. Normal activities			
Opening balance	1,824,197,799,139	1,440,993,545,027	383,204,254,112
(Reversal) in the year	(254,549,864,081)	(266,798,257,259)	12,248,393,178
II. Pilot agricultural insurance activities			
Opening balance	10,046,160,552	9,090,478,059	955,682,493
Increase in the year	3,090,685,788	2,786,846,628	303,839,160
Closing balance	1,582,784,781,398	1,186,072,612,455	396,712,168,943

Unearned premium reserve	Current year		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	Net unearned inward premium reinsurance reserve
	VND	VND	VND
I. Normal activities			
Opening balance	749,438,122,314	490,182,251,446	259,255,870,868
Increase in the year	40,026,468,888	47,846,681,285	(7,820,212,397)
II. Pilot agricultural insurance activities			
Opening balance	649,870,573	392,763,725	257,106,848
(Reversal) in the year	(649,870,573)	(392,763,725)	(257,106,848)
Closing balance	789,464,591,202	538,028,932,731	251,435,658,471

Catastrophe reserve	Current year	Prior year
	VND	VND
I. Normal activities		
Opening balance	165,875,947,082	147,472,628,310
Increase in the year	16,845,701,670	18,403,318,772
II. Pilot agricultural insurance activities		
Opening balance	8,876,683,166	6,460,168,954
Increase in the year	-	2,416,514,212
Closing balance	191,598,331,918	174,752,630,248

17. OWNERS' EQUITY

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Compulsory reserve fund VND	Retained earnings VND	Total VND
Prior year's opening balance	1,310,759,370,000	566,368,537,309	187,779,081,159	93,255,808,614	489,126,408,365	2,647,289,205,447
Profit for the year	-	-	-	-	242,587,261,636	242,587,261,636
Profit distribution to funds	-	-	4,091,631,552	10,229,078,879	(20,753,423,100)	(6,432,712,669)
Dividends declared	-	-	-	-	(262,151,874,000)	(262,151,874,000)
Other increases	-	-	-	-	1,707,031,070	1,707,031,070
Current year's opening balance	1,310,759,370,000	566,368,537,309	191,870,712,711	103,484,887,493	450,515,403,971	2,622,998,911,484
Profit for the year	-	-	-	-	239,776,750,523	239,776,750,523
Profit distribution to funds (i)	-	-	4,377,143,293	10,942,858,232	(22,118,004,532)	(6,798,003,007)
Dividends declared (i)	-	-	-	-	(131,075,937,000)	(131,075,937,000)
Current year's closing balance	1,310,759,370,000	566,368,537,309	196,247,856,004	114,427,745,725	537,098,212,962	2,724,901,722,000

(i) According to Resolution No. 09/2016/NQ-DHDCD dated 28 April 2016 by the Annual General Meeting of Shareholders of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the second dividend payment for 2015 to the shareholders at the rate of 10% from the retained earnings, which is equivalent to VND 131,075,937,000 and, simultaneously, made temporary distribution of VND 22,118,004,532 to the funds from the profit for the year ended 31 December 2016. The final decision on 2016 profit distribution shall be made in the forth-coming Annual General Meeting of Shareholders.

Owners' contributed capital

As at 31 December 2016, the total capital actually contributed by shareholders and share premium are as follows:

	Contributed capital			
	Closing balance	Proportion	Opening Balance	Proportion
	VND		VND	
Owners' contributed capital	1,310,759,370,000	100%	1,310,759,370,000	100%
State Capital Investment Corporation	529,060,350,000	40.36%	529,060,350,000	40.36%
Swiss Re Group	327,689,890,000	25.00%	327,689,890,000	25.00%
Other shareholders	454,009,130,000	34.64%	454,009,130,000	34.64%
Share premium	566,368,537,309		566,368,537,309	
	1,877,127,907,309		1,877,127,907,309	

Shares

	Closing balance	Opening Balance
Number of shares registered to issue	131,075,937	131,075,937
Number of outstanding shares in circulation	131,075,937	131,075,937
<i>Common shares</i>	131,075,937	131,075,937

A common share has par value of VND 10,000.

18. REINSURANCE PREMIUM

	Current year VND	Prior year VND
Inward reinsurance premium	1,686,382,751,821	1,649,647,980,742
<i>Energy insurance</i>	14,931,056,636	17,240,850,443
<i>Hull and P&I insurance</i>	265,804,396,918	262,340,042,615
<i>Cargo insurance</i>	154,435,626,619	238,056,735,359
<i>Engineering insurance</i>	297,360,530,468	283,699,986,619
<i>Fire and property insurance</i>	506,457,060,971	531,554,892,307
<i>Aviation insurance</i>	34,927,362,280	30,971,749,144
<i>Other insurance</i>	412,466,717,929	285,783,724,255
Deductions in inward reinsurance premium	(30,824,981,015)	(32,505,767,835)
Increase in unearned premium reserve for inward reinsurance	40,026,468,888	52,800,308,751
	1,615,531,301,918	1,564,341,904,156

19. OUTWARD REINSURANCE PREMIUM

	Current year VND	Prior year VND
Total outward reinsurance premium	1,105,217,404,169	1,018,776,094,545
Energy insurance	10,744,569,180	11,425,647,435
Hull and P&I insurance	183,010,393,950	176,010,206,911
Cargo insurance	36,339,439,711	47,303,332,044
Engineering insurance	151,586,092,368	142,052,432,428
Fire and property insurance	370,130,061,978	404,841,512,021
Aviation insurance	33,636,255,823	29,163,419,742
Other insurance	319,770,591,159	207,979,543,964
Deductions in outward reinsurance premium	(11,183,022,376)	(15,077,840,730)
Increase in unearned premium reserve for outward reinsurance	47,846,681,285	26,221,332,412
	1,046,187,700,508	977,476,921,403

20. OTHER INCOME FROM INSURANCE ACTIVITIES

	Current year VND	Prior year VND
Other receipts from inward reinsurance activities	84,024,987,360	106,579,970,343
Claim reserve released	84,024,987,360	104,787,629,337
Other receipts	-	1,792,341,006
Other receipts from outward reinsurance activities	91,265,805,286	91,636,679,462
Claim reserved retained	85,832,433,984	86,875,754,388
Other receipts	5,433,371,302	4,760,925,074
	175,290,792,646	198,216,649,805

21. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	Current year VND	Prior year VND
Claim settlement expenses	960,920,990,969	1,074,032,964,965
Energy insurance	12,143,637,282	17,186,851,530
Hull and P&I insurance	113,643,707,791	157,504,972,745
Cargo insurance	95,440,735,643	146,750,697,408
Engineering insurance	161,994,299,142	146,527,858,847
Fire and property insurance	338,547,336,086	460,905,592,252
Aviation insurance	3,511,910,639	4,365,396,986
Other insurance	235,639,364,386	140,791,595,197
Claim receipts from ceded policies	700,149,869,512	742,339,034,035
(Decrease)/increase in inward reinsurance claim reserve	(254,549,864,081)	265,115,068,515
(Decrease)/increase in outward reinsurance claim reserve	(266,798,257,259)	267,470,688,657
	273,019,514,635	329,338,310,788

22. OTHER EXPENSES FOR INSURANCE ACTIVITIES

	Current year	Prior year
	VND	VND
Other payments for inward reinsurance activities	112,918,557,976	116,865,746,659
Claim reserve retained	100,448,863,791	114,924,489,294
Other expenses	12,469,694,185	1,941,257,365
Other payments for outward reinsurance activities	75,306,856,227	95,697,528,503
Claim reserve released	74,894,920,048	93,339,796,831
Other expenses	411,936,179	2,357,731,672
	188,225,414,203	212,563,275,162

23. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest on time deposits	130,604,213,085	139,177,621,215
Dividends and profits received	22,011,843,100	20,057,437,220
Interest on bonds, commercial bills	15,910,106,850	12,704,089,041
Interest on entrusted investments	22,979,708,630	20,138,446,897
Interest on exchange differences	17,028,733,911	20,451,990,986
Interest on securities trading	4,692,241,984	1,877,541,316
Interest on demand deposits	384,449,138	413,853,447
Other financial income	2,726,224,431	-
	216,337,521,129	214,820,980,122

24. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Loss on exchange differences	16,828,543,651	10,187,486,860
Loss on securities trading	8,478,342,899	102,081,484
(Reversal) of provision for impairment of investments	(18,293,355,757)	(26,325,246,500)
Others	18,894,201,981	12,909,544,126
	25,907,732,774	(3,126,134,030)

25. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Administrative staff expenses	46,769,679,564	48,695,160,438
Office expenses	796,047,537	738,849,145
Depreciation and amortisation	9,267,965,861	9,435,125,672
Taxes, fees and charges	2,541,652,726	518,337,584
Provision expense/(reversal)	10,041,695,659	(7,306,315,289)
Out-sourced services	10,012,134,564	4,009,393,278
Expenses for business transactions, conferences, advertising	9,326,180,267	5,531,260,707
Other administration expenses	57,018,984	3,783,125,748
	88,812,375,162	65,404,937,283

26. COST BY NATURE

	Current year	Prior year
	VND	VND
Cost of insurance activities	818,356,988,482	893,251,421,348
Labour	46,769,679,564	48,695,160,438
Depreciation and amortisation	9,267,965,861	9,435,125,672
Out-sourced services	10,012,134,564	4,009,393,278
Provision expense/(reversal)	10,041,695,659	(7,306,315,289)
Other monetary expenses	12,720,899,514	10,571,573,184
	907,169,363,644	958,656,358,631

27. PILOT AGRICULTURAL INSURANCE ACTIVITIES

On 01 March 2011, the Prime Minister issued Decision No. 315/QD-TTg on the pilot provision of agricultural insurance during 2011 - 2013 with objectives to help agricultural producers take the initiative in remedying and recovering from financial losses caused by natural disasters or epidemics, contributing to assuring social welfare in rural areas and promoting agricultural production. According to the Decision, the Corporation has responsibilities to undertake agricultural reinsurance under the guidance of the Ministry of Finance.

On 17 August 2011, the Ministry of Finance issued Circular No. 121/2011/TT-BTC providing guidance on certain clauses of Decision No. 315/QD-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and the Corporation shall provide pilot agricultural insurance activities for non-profit purposes. Insurance enterprises have responsibilities to account for revenue and costs incurred from pilot agricultural insurance activities separately from other activities and any existing agricultural insurance activities. The retained insurance premium for the year, after deducting valid expenses, is supplemented to catastrophe reserve.

On 20 June 2012, the Ministry of Finance continued to issue Circular No. 101/2012/TT-BTC stipulating several financial issues for insurance enterprises and reinsurance enterprises who provide pilot agricultural insurance activities under Decision No. 315/QD-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and reinsurance enterprises have responsibilities to separately record the annual losses from their pilot agricultural insurance activities. Insurance enterprises and reinsurance enterprises shall account for losses from pilot agricultural insurance activities for the financial year in their income statements. In the case of losses incurred from pilot agricultural insurance activities, such losses will be carried forward to the following year as regulated by law.

From 2012, the Corporation started undertaking pilot agricultural insurance activities. Accumulated loss as at 31 December 2013 of the pilot agricultural insurance activities is VND 42,015,277,691.

According to Decision No. 315/QĐ-TTg, pilot agricultural insurance activities ended on 31 December 2013. The Corporation has been conducting procedures to finalize this activity with the Ministry of Finance. The final decision on the results of the Corporation's pilot provision of agricultural insurance will be made by the Ministry of Finance.

28. OPERATIONS OF OFFSHORE FISHING VESSEL INSURANCE

On 07 July 2014, the Government issued Decree No. 67/2014/ND-CP on some fisheries development policies, including regulations on insurance policy for the offshore fishing fleet ("fishing vessel insurance"). The Corporation undertakes this type of insurance, along with the local insurance companies, for supporting market and performing the policies as per the Government's objectives.

On 20 August 2014, the Ministry of Finance issued Circular No. 116/2014/TT-BTC providing guidance on several financial issues to insurance activities as stipulated in Decree No. 67/2014/ND-CP on fisheries development policies. According to the provisions under Circular No. 116/2014/TT-BTC, the business results of fishing vessel insurance activities shall be included in the insurer's results. The insurance enterprise shall hold responsibility to separately monitor revenue, expenses and results of operations regarding this type of insurance. Profit from insurance activities (if any) shall be recorded to catastrophe reserves at the financial year end.

In 2016, the total negative operating result from fishing vessel insurance activities of VND 2,287,963,793 is allocated to profit and loss during the year.

29. CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
Profit before tax	287,170,359,088	290,783,544,825
Adjustments for taxable profit		
Less: Non-taxable income	(54,182,485,438)	(71,709,258,192)
Add: Non-deductible expenses	4,162,471,572	5,267,480,465
Add: (Profit)/Loss of subsidiary attributable to non-controlling interests	(208,029,130)	1,511,331,203
Taxable profit	236,942,316,092	225,853,098,301
Normal tax rate	20%	22%
Current corporate income tax payable	47,388,463,218	49,687,681,626
Deferred corporate tax expense	(202,883,783)	19,932,765

30. BASIC EARNINGS PER SHARE

The calculation of basic earning per share attributable to ordinary share holders of the Corporation is based on following data:

	Unit	Current year	Prior year
Profit after corporate income tax	VND	239,984,779,653	241,075,930,434
Less: estimated amount accrued for bonus and welfare fund	VND	6,798,003,007	6,432,712,669
Less: (loss) after corporate income tax distributable to non-controlling interests	VND	208,029,130	(1,511,331,203)
Profit used to calculate basic earnings per share	VND	232,978,747,516	236,154,548,968
Average number of outstanding ordinary shares in circulation	Shares	131,075,937	131,075,937
Basic earnings per share	VND	1,777	1,802

In 2016, the Corporation has adopted the Circular No. 200/2014/TT-BTC issued by the Ministry of Finance dated 22 December 2014, guiding on the accounting regime for the business, which leads to the retroactive adjustment of profit to calculate basic earnings per share for the financial year ended 31 December 2015 due to the impact of the elimination of the Bonus and welfare fund from the after-tax profits in calculating basic earnings per share.

31. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation only consists of equity attributable to shareholders (comprising capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 4.

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening Balance
	VND	VND
Financial assets		
Cash and cash equivalents	75,029,558,127	215,489,620,218
Trade receivables	961,424,021,468	987,856,178,261
Claim reserve for outward reinsurance	1,186,072,612,455	1,450,084,023,086
Short-term investments	2,045,815,094,125	1,974,741,015,580
Long-term investments	1,040,980,809,834	864,369,487,155
Total	5,309,322,096,009	5,492,540,324,300
Financial liabilities		
Trade and other payables	858,132,953,589	892,021,361,024
Claim reserve for inward reinsurance	1,582,784,781,398	1,834,243,959,691
Long-term deposits received	3,216,822,676	2,864,775,901
Total	2,444,134,557,663	2,729,130,096,616

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include reinsurance risk, market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

Reinsurance risk

The risks from insurance activities are risks arising from the portfolio that the Corporation reinsures. The level of risk depends on the underwriting processes:

- i) Assessing the reinsurance risk;
- ii) Pricing, assessing reinsurance ability;
- iii) Terms and conditions applied; and
- iv) Monitoring the concentration of risk and disaster risk.

The objective of the insurance risk management is to improve the quality of the risk portfolio insured by implementing the above processes sufficiently and appropriately. The risk arising from insurance activities may include:

- + Assessment on reinsurance risk is conducted inadequately, together with inappropriate terms and conditions;
- + Pricing is not reasonable with the risk insured;
- + Retrocession policies are inappropriate;
- + Claims are not properly handled;
- + Reserves are made inadequately;
- + Receivables from retrocession activities are unable to be collected.

Objectives, policies and processes of Insurance risk management

The ultimate goal of insurance risk management is to control insurance events that may affect the Corporation's financial position, equity and financial performance.

The Corporation's risk management policies are set up through establishing risk tolerances and detailing insurance/reinsurance guidelines such as guideline on treaty insurance/reinsurance, facultative insurance/reinsurance, and guideline on claim handling.

The Corporation sets up a system of insurance risk management at different levels in order to assure the effectiveness of risk management activities. The system of risk management of the Corporation is built from departmental to entity-wide levels. The Board of risk management plays an important role to ensure collaboration and connection among operational departments, the Board of Management and Board of General Directors of the Corporation.

The insurance risk management is supervised from top down through insurance and reinsurance guideline and insurance risk monitoring standards. The bottom-up reporting procedure is also established and performed periodically on a weekly, monthly, and quarterly basis to ensure the effectiveness of the monitoring activities. Insurance risk management procedures are carried out systematically in order to identify, measure, control and handle risks to ensure that risk measurement criteria are kept within the allowed limits.

The Corporation applies various measures to detect risks including risk assessment, risk discussion in internal meetings, or experience from experts. Depending on the circumstances and characteristics of the risk which need to be measured, different quantitative and qualitative measurement methods can be applied. The qualitative method includes risk assessment by underwriting experts for individual transaction or risk portfolios. The quantitative measures include pricing and analysing the risk portfolio using historical statistical figures (premium, type of risk, loss, etc.).

The reinsurance and retrocession schemes play an important role in maintaining the level of risk exposed by the Corporation within the risk tolerance. The management thus holds responsibility to set up the risk tolerance level appropriate with business performance of the Corporation at certain period as well as approve the insurance and reinsurance schemes on annual basis.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and prices. In the year, the Corporation has entered into currencies swap transactions with banks to mitigate foreign exchange risk.

Foreign currency risk management

To manage foreign currencies for reinsurance settlement, the Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	Closing balance	Opening Balance	Closing balance	Opening Balance
	VND	VND	VND	VND
United States Dollar (USD)	784,145,776,097	816,113,763,292	385,810,382,838	434,852,975,951
Euro (EUR)	4,452,085,435	4,647,250,416	829,359,140	937,341,728
Great Britain Pound (GBP)	6,273,683	6,450,673	14,273,797	14,279,909
Australian Dollar (AUD)	6,260,679	6,548,874	-	2,329,852
Singapore Dollar (SGD)	38,420,343	42,367,262	19,841,884	24,978,749
Japanese Yen (JPY)	280,835,199	579,946,344	94,571,524	95,909,458

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar and Euro.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates. For a 5% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the respective amounts as follows:

	Current year	Prior year
	VND	VND
United States Dollar (USD)	19,916,769,663	19,063,039,367
Euro (EUR)	181,136,315	185,495,434

Share price risk management

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits. The Corporation's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc. The Corporation assesses the share price risk to be immaterial.

The Corporation is also exposed to equity price risks arising from investments in subsidiary and associate. The Corporation's Board of Management assesses and approves decisions on investments in subsidiary and associate such as operating industry, investees, etc. Investments in subsidiary and associate is held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation's business operation is reinsurance, accordingly, the Corporation's credit risk mainly focuses on clients operating in direct insurance. As at the consolidated balance sheet date, there is credit risk arising on the amounts due from customer receivables. The Corporation has made sufficient provision for such receivables.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION
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	<u>Less than 1 year</u> VND	<u>From 1 - 5 years</u> VND	<u>Over 5 years</u> VND	<u>Total</u> VND
Closing balance				
Cash and cash equivalents	75,029,558,127	-	-	75,029,558,127
Trade receivables	961,424,021,468	-	-	961,424,021,468
Claim reserve for outward reinsurance	1,186,072,612,455	-	-	1,186,072,612,455
Short-term investments	2,045,815,094,125	-	-	2,045,815,094,125
Long-term investments	-	566,799,388,303	474,181,421,531	1,040,980,809,834
Total	4,268,341,286,175	566,799,388,303	474,181,421,531	5,309,322,096,009
Closing balance				
Trade and other payables	858,132,953,589	-	-	858,132,953,589
Claim reserve for inward reinsurance	1,582,784,781,398	-	-	1,582,784,781,398
Long-term deposits received	-	3,216,822,676	-	3,216,822,676
Total	2,440,917,734,987	3,216,822,676	-	2,444,134,557,663
Net liquidity gap	1,827,423,551,188	563,582,565,627	474,181,421,531	2,865,187,538,346
	<u>Less than 1 year</u> VND	<u>From 1 - 5 years</u> VND	<u>Over 5 years</u> VND	<u>Total</u> VND
Opening Balance				
Cash and cash equivalents	215,489,620,218	-	-	215,489,620,218
Trade receivables	987,856,178,261	-	-	987,856,178,261
Claim reserve for outward reinsurance	1,450,084,023,086	-	-	1,450,084,023,086
Short-term investments	1,974,741,015,580	-	-	1,974,741,015,580
Long-term investments	-	395,051,872,870	469,317,614,285	864,369,487,155
Total	4,628,170,837,145	395,051,872,870	469,317,614,285	5,492,540,324,300
Opening Balance				
Trade and other payables	892,021,361,024	-	-	892,021,361,024
Claim reserve for inward reinsurance	1,834,243,959,691	-	-	1,834,243,959,691
Long-term deposits received	-	2,864,775,901	-	2,864,775,901
Total	2,726,265,320,715	2,864,775,901	-	2,729,130,096,616
Net liquidity gap	1,901,905,516,430	392,187,096,969	469,317,614,285	2,763,410,227,684

The Board of General Directors assessed the liquidity risk at low level. The Board of General Directors believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

32. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related parties	Relationship
State Capital Investment Corporation	Major shareholder
Swiss Re Group	Major shareholder
Bao Minh Insurance Joint Stock Corporation	Same owner
Samsung Vina Insurance Co., Ltd.	Associate

During the year, the Corporation entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
<u>Swiss Re Group</u>		
Outward reinsurance premium	192,186,277,177	191,853,859,822
Outward reinsurance commission	57,984,946,896	56,501,301,450
Receipt from outward reinsurance claim	128,755,161,324	120,241,563,905
Dividends paid	49,153,483,500	49,153,483,500
<u>Bao Minh Insurance Joint Stock Corporation</u>		
Outward reinsurance premium	80,838,873,156	79,519,166,483
Outward reinsurance commission	18,052,103,709	18,353,002,139
Receipt from outward reinsurance claim	61,842,099,632	69,304,253,152
Inward reinsurance premium	122,347,645,681	120,587,460,210
Inward reinsurance commission	27,634,245,210	27,806,624,774
Claim settlements of inward reinsurance	128,478,881,379	89,788,633,477
<u>Samsung Vina Insurance Co., Ltd.</u>		
Outward reinsurance premium	660,421,090	353,123,706
Outward reinsurance commission	229,364,390	99,333,049
Receipt from outward reinsurance claim	713,969,640	5,086,606,057
Inward reinsurance premium	125,519,371,519	182,467,387,074
Inward reinsurance commission	25,267,554,252	38,525,260,011
Claim settlements of inward reinsurance	218,178,800,051	285,294,876,880
Dividends received	11,266,331,460	13,720,262,212
<u>State Capital Investment Corporation</u>		
Dividends paid	79,359,052,500	79,359,052,500
<u>The Board of General Directors</u>		
Remuneration for the year	6,120,091,756	4,874,870,614

Related party balances as at the balance sheet date were as follows:

	<u>Closing balance</u> VND	<u>Opening Balance</u> VND
<u>Swiss Re Group</u>		
Receivables from outward reinsurance activities	25,903,088,783	30,572,635,960
Payables for outward reinsurance activities	31,056,314,263	28,433,346,197
Dividends payable	-	16,384,494,500
<u>Bao Minh Insurance Joint Stock Corporation</u>		
Receivables from inward reinsurance activities	23,440,118,803	32,018,153,005
Receivables from outward reinsurance activities	26,931,803,881	48,876,894,169
Payables for inward reinsurance activities	38,154,412,640	16,963,039,529
Payables for outward reinsurance activities	18,737,586,375	27,500,472,045
<u>Samsung Vina Insurance Co., Ltd.</u>		
Receivables from inward reinsurance activities	2,611,924,141	6,260,987,951
Receivables from outward reinsurance activities	211,198,065	1,513,383,080
Payables for inward reinsurance activities	980,251,389	55,704,609,915
Payables for outward reinsurance activities	163,404,126	33,717,332
<u>State Capital Investment Corporation</u>		
Dividends payable	-	26,453,017,500

33. FINANCIAL RATIOS


Items	Unit	Closing balance	Opening Balance
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Non-current assets/Total assets	%	21.66	18.36
- Current assets/Total assets	%	78.34	81.64
1.2. Capital structure arrangement			
- Liabilities/Total resources	%	56.61	58.96
- Owners' equity/Total resources	%	43.39	41.04
2. Liquidity			
2.1. Short-term liability liquidity	times	1.39	1.39
2.2. Quick liquidity	times	0.59	0.58
Items	Unit	Current year	Prior year
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	24.02	23.79
- Profit after tax/Revenue ratio	%	20.07	19.73
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	4.52	4.50
- Profit after tax/Total assets ratio	%	3.78	3.73
3.3. Profit after tax/Owners' equity ratio	%	8.81	9.19

34. BUSINESS SEGMENT REPORT


The Corporation's principal activities are reinsurance business and investments funded from idle capital resources, which is a part of reinsurance business cycle. Investments in other business activities are insignificant. Therefore, the Board of General Directors made an assessment and believes that the fact that no report on segment information is made is in line with the Corporation's current business operation.

35. SUMMARY OF CLAIMS

Payment year	Accident year			Total
	2014	2015	2016	
	VND	VND	VND	VND
I. Accumulated claim reserve amount				
	346,170,489,847	237,913,771,523	124,114,956,400	708,199,217,770
Claim reserve amount accumulated to the current year (1)				
II. Accumulated paid claim amount				
As at year end of losses	49,497,356,761	34,833,941,435	28,175,082,983	112,506,381,179
After 1 year	157,297,618,097	102,927,202,983	-	260,224,821,080
After 2 years	83,481,759,860	-	-	83,481,759,860
	290,276,734,718	137,761,144,418	28,175,082,983	456,212,962,118
Paid claim amount accumulated to the current year (2)				
	55,893,755,130	100,152,627,105	95,939,873,417	251,986,255,651
III. Total outstanding claim reserve (3)=(1)-(2)				115,390,222,188
Outstanding claim reserve for previous years' losses				367,376,477,839


 Nguyen Thanh Cong
 Preparer


 Luu Thi Viet Hoa
 Chief Accountant


 Pham Cong Tu
 General Director

Hanoi, 28 February 2017