

**VIETNAM NATIONAL REINSURANCE JOINT  
STOCK CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM SEPARATE  
FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 2019**

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS	3
INTERIM BALANCE SHEET	4 - 7
INTERIM INCOME STATEMENT	8 - 10
INTERIM CASH FLOW STATEMENT	11
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS	12 - 40

## **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 interim separate financial statements for the 6-month period ended 30 June 2019.

### **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 period and to the date of this report are as follows:

#### **Board of Management**

Mr. Le Song Lai	Chairman
Mr. Phan Kim Bang	Vice Chairman
Mr. Nguyen Xuan Viet	Vice Chairman (appointed on 16 July 2019)
	Member (appointed on 10 April 2019)
Mr. Pham Cong Tu	Member
Mr. Dao Nam Hai	Member
Mr. Pham Sy Danh	Member
Mr. Mai Xuan Dung	Member
Mr. Nguyen Dinh An	Member
Mr. Vu Anh Tuan	Member

#### **Board of General Directors**

Mr. Pham Cong Tu	General Director
Mr. Nguyen Manh Linh	Deputy General Director
Mr. Mai Xuan Dung	Deputy General Director

### **BOARD OF GENERAL DIRECTORS' RESPONSIBILITY**

The Board of General Directors of the Corporation is responsible for preparing the interim separate financial statements, which give a true and fair view of the financial position of the Corporation as at 30 June 2019 and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to interim financial reporting. In preparing these interim separate 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 interim separate financial statements;
- Prepare the interim separate 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 interim separate financial statements so as to minimize errors and frauds.

**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (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 financial position of the Corporation and that the interim separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to interim 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 interim separate financial statements.

For and on behalf of the Board of General Directors,



**Pham Cong Tu**  
**General Director**

*Hanoi, 13 August 2019*



## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**INTERIM BALANCE SHEET**

As at 30 June 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b> <b>(100=110+120+130+140+150+190)</b>	<b>100</b>		<b>5,660,792,478,396</b>	<b>5,255,047,012,975</b>
<b>I. Cash</b>	<b>110</b>	<b>4</b>	<b>51,911,334,474</b>	<b>61,645,461,451</b>
1. Cash	111		45,911,334,474	45,645,461,451
2. Cash equivalents	112		6,000,000,000	16,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>2,402,177,027,694</b>	<b>2,418,055,685,385</b>
1. Held-to-maturity investments	123		2,402,804,440,705	2,422,830,762,313
2. Provision for short-term investments	122		(627,413,011)	(4,775,076,928)
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,144,851,906,375</b>	<b>864,421,780,526</b>
1. Short-term trade receivables	131	6	1,157,832,568,335	890,833,527,743
1.1. Receivables of insurance contracts	131.1		804,796,093,597	566,851,827,024
1.2. Other trade accounts receivable	131.2		353,036,474,738	323,981,700,719
2. Advances to suppliers	132		240,480,966	-
3. Other short-term receivables	136		12,463,767,234	3,336,034,671
4. Provision for short-term doubtful debts	137		(25,684,910,160)	(29,747,781,888)
<b>IV. Inventories</b>	<b>140</b>		<b>44,266,193</b>	<b>107,292,867</b>
1. Inventories	141		44,266,193	107,292,867
<b>V. Other current assets</b>	<b>150</b>		<b>393,998,688,208</b>	<b>249,259,411,914</b>
1. Short-term prepaid expenses	151	7	393,970,854,635	249,259,411,914
1.1. Unallocated commission expenses	151.1		383,546,348,511	244,016,133,558
1.2. Other short-term prepaid expenses	151.2		10,424,506,124	5,243,278,356
2. Value added tax deductibles	152		27,833,573	-
<b>VI. Reinsurance assets</b>	<b>190</b>	<b>14</b>	<b>1,667,809,255,452</b>	<b>1,661,557,380,832</b>
1. Unearned premium reserve for outward reinsurance	191		508,478,717,481	503,493,352,619
2. Claim reserve for outward reinsurance	192		1,159,330,537,971	1,158,064,028,213

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The accompanying notes are an integral part of these interim separate financial statements



**INTERIM BALANCE SHEET (Continued)**

As at 30 June 2019

Unit: VND

<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>B. NON-CURRENT ASSETS (200=210+220+230+240+250+260)</b>	<b>200</b>		<b>1,389,322,781,858</b>	<b>1,200,963,754,095</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>22,000,000,000</b>	<b>22,000,000,000</b>
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
<b>II. Fixed assets</b>	<b>220</b>		<b>4,908,449,747</b>	<b>5,321,763,664</b>
1. Tangible fixed assets	221	8	4,859,952,650	5,261,886,567
- Cost	222		25,817,950,881	25,817,950,881
- Accumulated depreciation	223		(20,957,998,231)	(20,556,064,314)
2. Intangible assets	227	9	48,497,097	59,877,097
- Cost	228		32,392,480,734	32,392,480,734
- Accumulated amortisation	229		(32,343,983,637)	(32,332,603,637)
<b>III. Investment property</b>	<b>230</b>	<b>10</b>	<b>10,036,404,970</b>	<b>10,664,027,216</b>
- Cost	231		34,055,061,893	34,055,061,893
- Accumulated depreciation	232		(24,018,656,923)	(23,391,034,677)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>1,718,330,423</b>	<b>754,195,878</b>
1. Construction in progress	242		1,718,330,423	754,195,878
<b>V. Long-term financial investments</b>	<b>250</b>	<b>5</b>	<b>1,346,434,751,168</b>	<b>1,159,245,527,793</b>
1. Investment in subsidiary	251		60,000,000,000	60,000,000,000
2. Investment in associate	252		125,000,000,000	125,000,000,000
3. Equity investments in other entities	253		433,849,696,283	462,366,363,997
4. Provision for impairment of long-term financial investments	254		(1,718,104,138)	(4,458,755,507)
5. Held-to-maturity investments	255		729,303,159,023	516,337,919,303
<b>VI. Other non-current assets</b>	<b>260</b>		<b>4,224,845,550</b>	<b>2,978,239,544</b>
1. Long-term prepaid expenses	261	7	4,224,845,550	2,978,239,544
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>7,050,115,260,254</b>	<b>6,456,010,767,070</b>

The accompanying notes are an integral part of these interim separate financial statements

**INTERIM BALANCE SHEET (Continued)**

As at 30 June 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>4,270,434,224,145</b>	<b>3,643,813,112,166</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>4,267,562,640,990</b>	<b>3,641,113,375,401</b>
1. Short-term trade payables	311	11	1,001,928,425,057	740,898,046,995
1.1 Payables of insurance contracts	311.1		758,085,099,646	505,215,065,621
1.2. Other trade accounts payable	311.2		243,843,325,411	235,682,981,374
2. Short-term advances from customers	312		1,265,999,730	724,298,709
3. Taxes and amounts payable to the State budget	313	12	10,697,151,200	14,694,476,571
4. Payables to employees	314		14,842,478,785	18,216,985,325
5. Other current payables	319	13	166,402,992,090	6,410,546,596
6. Unearned commission income	319.1	13	113,658,315,749	107,386,456,892
7. Short-term provision	320		1,617,450,000	-
8. Bonus and welfare funds	322		20,018,891,401	19,210,267,385
9. Under-writing reserves	329	14	2,937,130,936,978	2,733,572,296,928
9.1. Unearned premium reserves for inward reinsurance	329.1		1,007,305,125,403	874,337,219,111
9.2. Claim reserves for inward reinsurance	329.2		1,732,154,410,697	1,668,347,100,445
9.3. Catastrophe reserve	329.3		197,671,400,878	190,887,977,372
<b>II. Long-term liabilities</b>	<b>330</b>		<b>2,871,583,155</b>	<b>2,699,736,765</b>
1. Other long-term payables	337	13	2,871,583,155	2,699,736,765
<b>D. EQUITY (400=410)</b>	<b>400</b>	<b>15</b>	<b>2,779,681,036,109</b>	<b>2,812,197,654,904</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>2,779,681,036,109</b>	<b>2,812,197,654,904</b>
1. Owners' contributed capital	411		1,310,759,370,000	1,310,759,370,000
- Ordinary shares carrying voting rights	411a		1,310,759,370,000	1,310,759,370,000
2. Share premium	412		566,368,537,309	566,368,537,309
3. Investment and development fund	418		208,365,621,617	205,815,380,525
4. Compulsory reserve fund	419		131,075,937,000	131,075,937,000
5. Retained earnings	421		563,111,570,183	598,178,430,070
- Retained earnings accumulated to the prior year end	421a		440,887,305,670	354,591,220,091
- Retained earnings of the current period	421b		122,224,264,513	243,587,209,979
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>7,050,115,260,254</b>	<b>6,456,010,767,070</b>

The accompanying notes are an integral part of these interim separate financial statements



**OFF-BALANCE SHEET ITEMS**

OFF-BALANCE SHEET ITEMS	Currency	Closing balance	Opening balance
<b>1. Foreign currencies</b>			
United States Dollar	USD	1,631,169.62	1,479,421.71
Australian Dollar	AUD	345.15	348.07
Japanese Yen	JPY	43,775.00	44,017.00
Singapore Dollar	SGD	498.16	434.05
Great Britain Pound	GBP	5,770.51	5,771.61
Euro	EUR	132,283.17	112,577.69



**Nguyen Thanh Cong**  
Preparer



**Luu Thi Viet Hoa**  
Chief Accountant




**Pham Cong Tu**  
General Director

Hanoi, 13 August 2019

**INTERIM INCOME STATEMENT**

*For the 6-month period ended 30 June 2019*

**PART I – GENERAL INTERIM INCOME STATEMENT**

Unit: VND

ITEMS	Codes	Current period	Prior period
1. Net revenue from insurance activities	10	664,525,137,780	429,206,926,466
2. Financial income	12	166,659,092,549	164,031,843,815
3. Other income	13	7,354,929,477	6,502,602,082
4. Total expenses for insurance activities	20	641,533,096,849	359,961,523,463
5. Financial expenses	22	10,320,648,418	37,079,818,106
6. General and administration expenses	23	33,223,569,853	42,876,579,118
7. Other expenses	24	1,456,996,046	1,143,626,803
8. (Loss) on pilot agricultural insurance activities	25	-	(377,422,391)
9. Profit from offshore fishing vessel insurance	26	-	5,340,205,520
<b>10. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+25-26)</b>	<b>50</b>	<b>152,004,848,640</b>	<b>152,962,196,962</b>
11. Current corporate income tax expense	51	23,348,397,287	23,738,228,888
<b>13. Net profit after corporate income tax (60=50-51)</b>	<b>60</b>	<b>128,656,451,353</b>	<b>129,223,968,074</b>

*The accompanying notes are an integral part of these interim separate financial statements*

**INTERIM INCOME STATEMENT (Continued)**

*For the 6-month period ended 30 June 2019*

**PART II - INTERIM INCOME STATEMENT BY ACTIVITY**

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
<b>1. Insurance premium (01 = 01.2-01.3)</b>	<b>01</b>	<b>16</b>	<b>1,043,744,525,499</b>	<b>855,576,663,450</b>
- Inward reinsurance premium	01.2		1,176,712,431,791	891,849,757,936
- Increase in unearned premium reserve for inward reinsurance	01.3		132,967,906,292	36,273,094,486
<b>2. Outward reinsurance premium (02 = 02.1-02.2)</b>	<b>02</b>	<b>17</b>	<b>515,675,163,445</b>	<b>552,095,461,677</b>
- Outward reinsurance premium	02.1		520,660,528,307	573,771,955,757
- Increase in unearned premium reserve for outward reinsurance	02.2		4,985,364,862	21,676,494,080
<b>3. Net insurance premium (03 = 01-02)</b>	<b>03</b>		<b>528,069,362,054</b>	<b>303,481,201,773</b>
<b>4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)</b>	<b>04</b>		<b>136,455,775,726</b>	<b>125,725,724,693</b>
- Commission income from outward reinsurance	04.1		115,550,228,555	114,697,470,780
- Other income from insurance activities	04.2	18	20,905,547,171	11,028,253,913
<b>5. Net revenue from insurance activities (10 = 03+04)</b>	<b>10</b>		<b>664,525,137,780</b>	<b>429,206,926,466</b>
<b>6. Claim settlement expenses (11=11.1)</b>	<b>11</b>		<b>496,987,534,882</b>	<b>400,456,994,843</b>
- Total claim settlement expenses	11.1		496,987,534,882	400,456,994,843
7. Claim receipts from ceded policies	12		335,490,062,243	298,430,998,009
8. Increase in claim reserve for inward reinsurance	13		64,760,718,404	105,919,454,396
9. Increase in claim reserve for outward reinsurance	14		1,229,604,407	68,877,664,264
<b>10. Total insurance claim settlement expenses (15=11-12+13-14)</b>	<b>15</b>	<b>19</b>	<b>225,028,586,636</b>	<b>139,067,786,966</b>
11. Increase in catastrophe reserve	16		6,543,226,003	6,416,645,385
<b>12. Other expenses for insurance activities (17=17.1+17.2)</b>	<b>17</b>		<b>409,961,284,210</b>	<b>214,477,091,112</b>
- Insurance commission expenses	17.1		393,464,462,710	195,974,489,445
- Other expenses for insurance activities	17.2	20	16,496,821,500	18,502,601,667
<b>13. Total expenses for insurance activities (18=15+16+17)</b>	<b>18</b>		<b>641,533,096,849</b>	<b>359,961,523,463</b>
<b>14. Gross profit from insurance activities (19=10-18)</b>	<b>19</b>		<b>22,992,040,931</b>	<b>69,245,403,003</b>

*The accompanying notes are an integral part of these interim separate financial statements*



**INTERIM INCOME STATEMENT (Continued)**

*For the 6-month period ended 30 June 2019*

**PART II - INTERIM INCOME STATEMENT BY ACTIVITY (Continued)**

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
15. Financial income	23	21	166,659,092,549	164,031,843,815
16. Financial expenses	24	22	10,320,648,418	37,079,818,106
<b>17. Gross profit from financial activities (25=23-24)</b>	<b>25</b>		<b>156,338,444,131</b>	<b>126,952,025,709</b>
18. General and administration expenses	26	23	33,223,569,853	42,876,579,118
<b>19. Net profit from operating activities (30=19+25-26)</b>	<b>30</b>		<b>146,106,915,209</b>	<b>153,320,849,594</b>
20. Other incomes	31		7,354,929,477	6,502,602,082
21. Other expenses	32		1,456,996,046	1,143,626,803
<b>22. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>5,897,933,431</b>	<b>5,358,975,279</b>
23. (Loss) on pilot agricultural insurance activities	40.1	25	-	(377,422,391)
24. Profit from offshore fishing vessel insurance	40.2	26	-	5,340,205,520
<b>25. Accounting profit before tax (50=30+40+40.1-40.2)</b>	<b>50</b>		<b>152,004,848,640</b>	<b>152,962,196,962</b>
26. Current corporate income tax expense	51	27	23,348,397,287	23,738,228,888
<b>28. Profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>128,656,451,353</b>	<b>129,223,968,074</b>

  
\_\_\_\_\_  
**Nguyen Thanh Cong**  
Preparer

  
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**Luu Thi Viet Hoa**  
Chief Accountant

  
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**Pham Cong Tu**  
General Director

*Hanoi, 13 August 2019*

*The accompanying notes are an integral part of these interim separate financial statements*

**INTERIM CASH FLOW STATEMENT**  
(Direct method)

For the 6-month period ended 30 June 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
<b>I. Cash flows from operating activities</b>			
1. Receipts from inward and outward reinsurance activities	01	220,561,041,442	227,501,973,882
2. Payments for inward and outward reinsurance activities	02	(134,412,375,209)	(167,500,932,645)
3. Payments to employees	03	(22,143,291,432)	(21,822,231,651)
4. Payments for corporate income tax	05	(27,463,133,613)	(15,374,990,381)
5. Receipts from other activities	06	923,398,047	1,575,745,826
6. Payments for other activities	07	(16,654,127,771)	(18,455,756,593)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>20,811,511,464</b>	<b>5,923,808,438</b>
<b>II. Cash flows from investing activities</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(964,134,545)	(892,060,000)
2. Cash outflow for lending, buying debt instruments of other entities	23	(598,200,000,000)	(645,853,945,000)
3. Cash recovered from lending, selling debt instrument of other entities	24	403,718,168,541	575,000,000,000
4. Cash recovered from investments in other entities	26	28,516,667,714	-
5. Interest earned, dividends and profits received	27	136,186,730,358	130,252,761,275
<b>Net cash generated by investing activities</b>	<b>30</b>	<b>(30,742,567,932)</b>	<b>58,506,756,275</b>
<b>III. Cash flows from financing activities</b>			
1. Dividends and profits paid	36	-	(156,976,649,600)
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>-</b>	<b>(156,976,649,600)</b>
<b>Net (decrease)/ increase in cash (50 = 20+30+40)</b>	<b>50</b>	<b>(9,931,056,468)</b>	<b>(92,546,084,887)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>61,645,461,451</b>	<b>168,003,369,951</b>
Effects of changes in foreign exchange rates	61	196,929,491	777,935,616
<b>Cash and cash equivalents at the end of the period (70 = 50+60+61)</b>	<b>70</b>	<b>51,911,334,474</b>	<b>76,235,220,680</b>

  
Nguyen Thanh Cong  
Preparer

  
Luu Thi Viet Hoa  
Chief Accountant

  
Pham Cong Tu  
General Director

Hanoi, 13 August 2019

The accompanying notes are an integral part of these interim separate financial statements



**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying interim separate 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 Licenses. The latest Amended License No. 28/GPDC4/KDBH dated 12 August 2014.

The number of employees as at 30 June 2019 was 100 (31 December 2018: 101).

**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 30 June 2019, 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 30 June 2019, the Corporation has an associate namely Samsung Vina Insurance Company Limited with the Corporation's proportion of ownership interest and voting power held of 25% each.

**Disclosure of information comparability in the interim separate financial statements**

The comparative figures of the interim balance sheet and corresponding notes are the figures of the Corporation's audited separate financial statements for the year ended 31 December 2018. The comparative figures of the interim income statement, interim cash flow statement and corresponding notes are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2018.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying interim separate 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 interim separate financial statements are not intended to present the financial position, results of operations and 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. The accompanying interim separate financial statements have been prepared for the 6-month period ended 30 June 2019.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Estimates**

The preparation of the interim separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to interim 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 interim separate financial statements and the reported amounts of revenues and expenses during the accounting period. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results could differ from those estimates.

#### **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 and cash equivalents, trade receivables, and short-term and long-term financial investments excluding investments in subsidiary and associate.

##### ***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 trade payables, other payables and long-term deposits.

##### ***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 represent 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.

The calculation of provision for doubtful debts is as follows:

With regard to customers with total reinsurance-related receivables balance less than total reinsurance-related payables balance, no provision should be made. In the contrary case, the

Corporation will offset the reinsurance-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 offsetting, 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 predetermined foreign exchange rate. As at inception date of agreements, the Corporation pays an original amount denominated in foreign currency to the counterparty and records this amount in account receivable. Simultaneously, the Corporation records an amount denominated in VND from the counterparty in accounts payable. Gain/loss from swap contracts are recognized in the 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:

	<u>Current period</u> (Years)
Buildings, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

#### Intangible assets and amortization

Intangible assets are stated at cost less accumulated amortization.

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

#### Financial investments

##### a. 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 interim separate 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.

***b. Investments in subsidiary and associate***

*Investment in subsidiary*

A subsidiary is an entity controlled by the Corporation. Control is achieved when the Corporation has the power to govern the financial and operating policies of the investee to take benefits from its activities.

*Investment 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 Corporation initially records its investment in subsidiary and associate at cost. The Corporation recognizes income in its interim income statement only to the extent that it receives distributions from the accumulated net profits of the associate arising subsequently to the date of acquisition. Distributions from sources other than from such profits are considered as recovery of investments and are deducted from the cost of the investments.

Investments in subsidiary and associate are presented in the interim balance sheet at cost less amount of impairment of the investments (if any).

***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.

***d. Provision for financial investments***

Provision for impairment of financial investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance on "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 other purposes, 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 is calculated, 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 but relate to results of operations of multiple accounting periods. Prepayments comprise costs of tools, 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 capitalized as prepayments, and are allocated to the interim separate 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 recognized 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 balance sheet date.

#### **Insurance deposits**

The Corporation is obliged to pay a deposit equal to 2% of the legal capital, and 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 recognized at the establishment of contractual agreement and following the statement of accounts agreed by the Corporation and the re-insurers. Outward reinsurance premium is recognized 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 the regulations of financial regime applicable to insurance enterprises.

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

At the period end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this period so as to allocate such commission income to the subsequent accounting periods. For outward reinsurance contracts with terms of 01 year or less, 25% rate method is applied for cargo insurance and 50% rate method for other kinds of insurance. For those with terms of more than 01 year, 55% rate method is applied for all kinds of insurance.

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

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

Income from office leasing is recognized 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 period and the ceded ratios.

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

At the period end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the period yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent accounting periods. For inward reinsurance contracts with terms of 01 year or less, 25% rate method is applied for cargo insurance and 50% rate method for other kinds of insurance. For those with terms of more than one year, 55% rate method is applied for all kinds of insurance.

### **Foreign currencies**

- The Corporation applies an accounting exchange rate of 23,000 VND/USD in the period (for the 6-month period ended 30 June 2018: 22,700 VND/USD) to transactions arising in foreign currencies during the period. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the payment date. Exchange differences arising from such transactions are recorded in the interim separate income statement.
- Liabilities and receivables relating to recognition of revenue and expenses from reinsurance for the period 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 23,230 VND/USD (as at 31 December 2018: 23,145 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 23,350 VND/USD (as at 31 December 2018: 23,245 VND/USD). Exchange differences arising from such transactions are recorded in the interim income statement.
- Liabilities and receivables relating to recognition of revenue and expense from reinsurance for the period denominated in currencies other than USD at the balance sheet date are translated into USD at the accounting exchange rate. 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 23,230 VND/USD (as at 31 December 2018: 23,145 VND/USD), balances of payables are translated into VND using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 23,350 VND/USD (as at 31 December 2018: 23,245 VND/USD). Exchange differences arising from such transactions are recorded in the interim 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 period, 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 recognized in the interim 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, and 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 Shareholders' 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 12 March 2018, the Ministry of Finance issued Official Letter No. 2713/BTC-QLBH on the approval of registration of the method to make reserves for insurance transactions of the Corporation since 2017. Accordingly, under-writing reserves of the Corporation in the period are made as follows:

##### ***Premium reserve:***

Provision for premium inward and outward reserves with reinsurance contracts which last for one year or less is provided for at 25% of the inward reinsurance premium and outward reinsurance premium for the period 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.

Provision for premium inward and outward reserves with reinsurance contracts which last for over one year is provided for at 55% of the inward reinsurance premiums of these contracts.

For 6-month period ended 30 June 2017, the Corporation made the provision of premium inward and outward reserves for all types of cargo insurance (by land, seaway, waterway, railway and airway) at 25% of the inward reinsurance premium and outward reinsurance premium and at 50% of the inward reinsurance premium and outward reinsurance premium for other types. Accordingly, increase in premium inward reserve and increase in premium outward reserve item on the interim income statement for the 6-month period ended 30 June 2018 increase about VND 2 billion and VND 0.3 billion respectively from this change of accounting estimates.

##### ***Claim reserves:***

- For losses that have been incurred and reported, the Corporation makes compensation reserves for inward reinsurance and outward reinsurance by the case by case method based on the level of responsibility to the 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 for the period over all types of insurance.

***Catastrophe reserve:*** This reserve is made periodically under statistical method, at a rate of 2% of the retained premium rate of all transactions until it reaches 100% of the premium retained in the period.

For 6-month period ended 30 June 2017, the Corporation made catastrophe reserve at a rate of 3% of the retained premium rate of all transactions. Accordingly, the increase in catastrophe reserve item on the interim income statement for the 6-month period ended 30 June 2018 decreases about VND 3.1 billion from this change of accounting estimate.

##### ***Balance assurance reserve:***

***Life reinsurance reserve:*** is made annually at the rate of 1% on profit before tax of Corporation until it reaches 5% of life inward premium in the accounting period.

***Health-care reinsurance reserve:*** is made annually at the rate of 2% of retained premium for all transactions until it reaches 100% of retained premium in the accounting period according to Circular No. 50/2017/TT-BTC of Ministry of Finance dated 15 May 2017, which was effective from 01 July 2017.



For the 6-month period ended 30 June 2019, the Corporation has reversed the provision for balance assurance reserve with total amount of VND 4,205,420 and recognised on Catastrophe Reserve item with a separate line.

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, in accordance with guidance under Decree No. 73/2016/ND-CP issued by the Government dated 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 6-month period ended 30 June 2019 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 interim 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 period. Taxable profit differs from profit before tax as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. 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.

### 4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	1,221,627,543	673,932,265
Bank demand deposits	44,689,706,931	44,971,529,186
Cash equivalents	6,000,000,000	16,000,000,000
	<b>51,911,334,474</b>	<b>61,645,461,451</b>

**VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

**5. FINANCIAL INVESTMENTS**

	Closing balance		Provision	Opening balance	
	Historical cost	Fair value		Historical cost	Fair value
	VND	VND	VND	VND	VND
<b>a) Held-to-maturity investments</b>	<b>3,132,107,599,728</b>		<b>(2,345,517,149)</b>	<b>2,939,168,681,616</b>	<b>(9,233,832,435)</b>
<b>a1) Short-term</b>	<b>2,402,804,440,705</b>		<b>(627,413,011)</b>	<b>2,422,830,762,313</b>	<b>(4,775,076,928)</b>
- Short-term deposits (i)	2,297,000,000,000		-	2,296,000,000,000	-
- Other investments	105,804,440,705		(627,413,011)	126,830,762,313	(4,775,076,928)
+ <i>Entrustment investment</i>	105,804,440,705		(627,413,011)	126,830,762,313	(4,775,076,928)
<b>a2) Long-term</b>	<b>729,303,159,023</b>		<b>(1,718,104,138)</b>	<b>516,337,919,303</b>	<b>(4,458,755,507)</b>
- Long-term deposits (ii)	323,000,000,000		-	129,000,000,000	-
- Bonds (iii)	220,000,000,000		-	220,000,000,000	-
- Investments under cooperation agreements (iv)	13,304,048,828		-	13,304,048,828	-
- Entrustment investments (v)	167,177,904,132		(1,718,104,138)	148,212,664,412	(4,458,755,507)
- Other long-term investments	5,821,206,063		-	5,821,206,063	-
<b>b) Investments in other entities</b>	<b>618,849,696,283</b>		<b>-</b>	<b>647,366,363,997</b>	<b>-</b>
- Investment in subsidiary	60,000,000,000		-	60,000,000,000	-
+ <i>Vinare Investment Joint Stock Company</i>	60,000,000,000		-	60,000,000,000	-
- Investment in associate	125,000,000,000		-	125,000,000,000	-
- Investments in other entities (vi)	433,849,696,283		-	462,366,363,997	-



- (i) Short-term deposits represent deposits with original terms of over 3 months and remaining maturities as at 30 June 2019 of under 12 months at domestic commercial banks, with interest rates from 6.5% to 7.8% per annum.
- (ii) Long-term deposits represent term deposits with remaining maturities of more than 12 months at domestic commercial banks, with interest rates from 7.5% to 7.7% per annum.
- (iii) Bonds include corporate bonds and Government bonds with the maturities of 01 year to 06 years and interest rates from 7.25% to 9.23% per annum.
- (iv) Investments under business cooperation agreements represent capital contributions for business cooperation and product sharing with Vinare Investment Joint Stock Company ("Vinare Invest") to implement Tincom Plaza project and No.142 Dinh Cong project.
- (v) Entrustment investments represent investments under trust contracts signed with Vietcombank Fund Management, and Saigon Securities Incorporation under which, the Corporation shall bear all risks related to the escrow account.
- (vi) Investments in other entities include any investments in other companies over which the Corporation does not have the right to control or have significant influence. Details of share capital contributions are as follows:

Equity investments in:	Proportion of ownership interest	Closing balance	Opening balance
	as at 30/6/2019	VND	VND
Petrolimex Joint Stock Insurance Company	3.64%	30,693,896,283	59,210,563,997
Post Telecommunication Joint Stock Insurance Company	4.42%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.05%	10,139,800,000	10,139,800,000
Global Insurance Joint Stock Company	5.50%	17,600,000,000	17,600,000,000
Agriculture Bank Insurance Joint Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Hung Vuong Insurance Joint Stock Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	4.49%	275,000,000,000	275,000,000,000
		<b>433,849,696,283</b>	<b>462,366,363,997</b>

At the date of these interim separate financial statements, the Corporation has assessed and made provision for impairment of equity investments as at 30 June 2019 based on the investees' financial statements for the 6-month period ended 30 June 2019. For investees whose financial statements for 6-month period ended 30 June 2019 have not been available yet, the Corporation used the latest financial statements collected for assessment. Information on bonus shares received as at 30 June 2019 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	10,934,500
Post- Telecommunication Joint Stock Insurance Company	10,000	381,024
Sai Gon - Ha Long Hotel	10,000	96,000



Details of the Corporation's subsidiary as at 30 June 2019 are as follows:

Subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting rights held	Principal activity
Vinare Investment Joint Stock Company	Hanoi, Vietnam	63.9%	60.0%	Real estate investment and construction

Details of the Corporation's associate as at 30 June 2019 are as follows:

Associate	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting rights held	Principal activity
Samsung Vina Insurance Co., Ltd.	Ho Chi Minh City, Viet Nam	25.0%	25.0%	Non-life insurance

- Summary of the performance of subsidiary, associate in the period: the Corporation's subsidiary and associate had stable operation under registered operating sectors in the 6-month period ended 30 June 2019.
- Significant transactions of the Corporation with its subsidiary and associate in the period are as follows:
  - + Between the Corporation and its subsidiary: there are no significant transactions arising during the period.
  - + Between the Corporation and Samsung Vina Insurance Company Limited: there are transactions of outward/inward reinsurance premium, outward/inward reinsurance commission, and outward/inward reinsurance claim and dividend payment.

**The fair value of these investments is determined as follows:**

- At the reporting date, the fair value of other investments of which information for fair value determination is inadequate shall not be determined.

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Receivables from insurance contracts	804,796,093,597	566,851,827,024
- Receivables from inward reinsurance	483,097,506,209	320,685,835,997
- Receivables from outward reinsurance	316,917,754,469	239,238,644,441
- Other receivables from reinsurance activities	4,780,832,919	6,927,346,586
Other trade receivables	353,036,474,738	323,981,700,719
- Interest receivables on investments	112,968,350,678	92,349,846,574
- Other receivables related to swap contracts	236,946,000,000	231,450,000,000
- Other receivables	3,122,124,060	181,854,145
	<b>1,157,832,568,335</b>	<b>890,833,527,743</b>

7. PREPAID EXPENSES

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>	<b>393,970,854,635</b>	<b>249,259,411,914</b>
Unallocated commission expenses	383,546,348,511	244,016,133,558
- Opening balance	244,016,133,558	185,674,353,313
- Unallocated commission expenses incurred in the period/year	532,994,677,663	502,541,081,364
- Commission expenses allocated in the period/year	393,464,462,710	444,199,301,119
- Closing balance	383,546,348,511	244,016,133,558
Other prepaid expenses	10,424,506,124	5,243,278,356
<b>b) Long-term</b>	<b>4,224,845,550</b>	<b>2,978,239,544</b>
Golf card expenses	1,012,471,472	1,040,980,964
Other long-term prepaid expenses	3,212,374,078	1,937,258,580
	<b>398,195,700,185</b>	<b>252,237,651,458</b>

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION  
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

8. TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
	VND	VND	VND	VND	VND
<b>COST</b>					
Closing balance	15,170,997,037	2,980,277,071	6,950,892,474	715,784,299	25,817,950,881
New purchases	-	-	-	-	-
Other decreases	-	-	-	-	-
<b>Opening balance</b>	<b>15,170,997,037</b>	<b>2,980,277,071</b>	<b>6,950,892,474</b>	<b>715,784,299</b>	<b>25,817,950,881</b>
<b>ACCUMULATED DEPRECIATION</b>					
Closing balance	10,600,699,655	2,980,277,071	6,720,100,749	254,986,839	20,556,064,314
Depreciation for the period	268,980,962	-	85,284,250	47,668,705	401,933,917
<b>Opening balance</b>	<b>10,869,680,617</b>	<b>2,980,277,071</b>	<b>6,805,384,999</b>	<b>302,655,544</b>	<b>20,957,998,231</b>
<b>NET BOOK VALUE</b>					
Closing balance	4,570,297,382	-	230,791,725	460,797,460	5,261,886,567
Opening balance	4,301,316,420	-	145,507,475	413,128,755	4,859,952,650

As at 30 June 2019, the historical cost of tangible fixed assets include VND 9,896,466,818 of fixed assets which had been fully depreciated but are still in use (as at 31 December 2018: VND 9,410,002,330).

9. INTANGIBLE ASSETS

The balance of intangible assets as at 30 June 2019 mainly represents cost and accumulated amortization of reinsurance software. As at 30 June 2019, the historical cost of intangible fixed assets include VND 32,164,880,734 of fixed assets which had been fully depreciated but are still in use (as at 31 December 2018: VND 32,164,880,734).



10. INVESTMENT PROPERTY

Items	Closing balance	Increase	Opening balance
	VND	VND	VND
<b>Investment properties held to earn rentals</b>			
<b>Cost</b>	<b>34,055,061,893</b>	-	<b>34,055,061,893</b>
- Building (i)	34,055,061,893	-	34,055,061,893
<b>Accumulated depreciation</b>	<b>23,391,034,677</b>	<b>627,622,246</b>	<b>24,018,656,923</b>
- Building (i)	23,391,034,677	627,622,246	24,018,656,923
<b>Net book value</b>	<b>10,664,027,216</b>	-	<b>10,036,404,970</b>
- Building	10,664,027,216	-	10,036,404,970

(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 30 June 2019 is required to be disclosed. As the management assessed, the value of the Corporation's investment property in accounting records has presented its fair value.

11. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
Payables of insurance contracts	758,085,099,646	505,215,065,621
- Payables to inward reinsurance activities	359,205,598,096	191,437,179,471
- Payables to outward reinsurance activities	396,867,464,647	306,084,713,736
- Other payables to reinsurance activities	2,012,036,903	7,693,172,414
Other trade payables	243,843,325,411	235,682,981,374
- Other payables related to swap contracts	242,888,555,000	233,378,186,000
- Other payables	954,770,411	2,304,795,374
	<b>1,001,928,425,057</b>	<b>740,898,046,995</b>

12. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Value added tax on domestic sales	200,482,712	827,470,794	789,381,960	238,571,546
Corporate income tax	14,366,218,975	23,348,397,287	27,463,133,613	10,251,482,649
Personal income tax	19,640,081	5,664,464,177	5,585,372,932	98,731,326
Business license tax	-	3,000,000	3,000,000	-
Other taxes and charges payable	108,134,803	709,187,978	708,957,102	108,365,679
<b>Total</b>	<b>14,694,476,571</b>	<b>30,552,520,236</b>	<b>34,549,845,607</b>	<b>10,697,151,200</b>

13. OTHER PAYABLES

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>	<b>280,061,307,839</b>	<b>113,797,003,488</b>
Unearned commission income	113,658,315,749	107,386,456,892
- Opening balance	107,386,456,892	110,592,257,769
- Unearned commission income incurred in the period/year	121,822,087,412	217,206,876,890
- Commission income allocated in the period/year	115,550,228,555	220,412,677,767
- Closing balance	113,658,315,749	107,386,456,892
Other current payables	166,402,992,090	6,410,546,596
Dividends payable (i)	157,291,124,400	-
Other payables	9,111,867,690	6,410,546,596
<b>b) Long-term</b>	<b>2,871,583,155</b>	<b>2,699,736,765</b>
Long-term deposits	2,871,583,155	2,699,736,765
	<b>282,932,890,994</b>	<b>116,496,740,253</b>

- (i) 2018 unpaid dividend as at 30 June 2019 equal to 12% owner's contributed capital according to Resolution No. 09/2019/NQ-DHDCD dated 24 April 2019 by the Annual Shareholders' General Meeting of Vietnam National Reinsurance Joint Stock Corporation.

14. UNDER-WRITING RESERVES

Claim reserve and Unearned premium reserve	Closing balance		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
<b>I. Normal activities</b>			
1. Claim reserve	1,721,645,635,769	1,149,827,052,643	571,818,583,126
Reserve for losses incurred and reported	1,617,742,058,365	1,098,344,599,076	519,397,459,289
Reserve for losses incurred not yet reported	103,903,577,404	51,482,453,567	52,421,123,837
2. Unearned premium reserve	1,007,305,125,403	508,478,717,481	498,826,407,922
<b>II. Pilot agricultural insurance activities</b>			
1. Claim reserve	10,508,774,928	9,503,485,328	1,005,289,600
Reserve for losses incurred and reported	10,508,774,928	9,503,485,328	1,005,289,600
2. Unearned premium reserve	-	-	-
	<b>2,739,459,536,100</b>	<b>1,667,809,255,452</b>	<b>1,071,650,280,648</b>

In which:

Claim reserve	Current period		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
<b>I. Normal activities</b>			
Opening balance	1,655,328,799,365	1,146,291,214,236	509,037,585,129
Increase in the period	66,316,836,404	3,535,838,407	62,780,997,997
<b>II. Pilot agricultural insurance activities</b>			
Opening balance	13,018,301,080	11,772,813,977	1,245,487,103
(Reversal) in the period	(2,509,526,152)	(2,269,328,649)	(240,197,503)
<b>Closing balance</b>	<b>1,732,154,410,697</b>	<b>1,159,330,537,971</b>	<b>572,823,872,726</b>

Unearned premium reserve	Current period		
	Unearned inward reinsurance premium reserve	reinsurance premium reserve	inward premium reinsurance
	VND	VND	VND
<b>I. Normal activities</b>			
Opening balance	874,337,219,111	503,493,352,619	370,843,866,492
Increase in the period	132,967,906,292	4,985,364,862	127,982,541,430
<b>II. Pilot agricultural insurance activities</b>			
Opening balance	-	-	-
Increase in the period	-	-	-
<b>Closing balance</b>	<b>1,007,305,125,403</b>	<b>508,478,717,481</b>	<b>498,826,407,922</b>



Catastrophe reserve	Current period	Prior year
	VND	VND
<b>I. Normal activities</b>		
Opening balance	178,605,444,448	181,562,544,622
Increase in the period/year	6,543,226,003	14,042,899,826
Use in the period/year	-	(17,000,000,000)
<b>II. Pilot agricultural insurance activities</b>		
Opening balance	8,876,683,166	8,876,683,166
Increase in the period/year	240,197,503	-
<b>III. Offshore fishing vessel insurance activities</b>		
Opening balance	3,405,849,758	3,405,849,758
Increase in the period/year	-	-
<b>Closing balance</b>	<b>197,671,400,878</b>	<b>190,887,977,372</b>

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION  
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

15. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Investment and development fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
<i>For the 6-month period ended 30 June 2018</i>						
Opening balance	1,310,759,370,000	566,368,537,309	200,693,852,724	126,198,339,406	381,227,610,318	2,585,247,709,757
Profit for the period	-	-	-	-	129,223,968,074	129,223,968,074
Profit distribution to funds	-	-	2,519,779,448	4,877,597,594	(11,315,133,964)	(3,917,756,922)
Dividends declared	-	-	-	-	(26,215,187,400)	(26,215,187,400)
<b>Closing balance</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>203,213,632,172</b>	<b>131,075,937,000</b>	<b>472,921,257,028</b>	<b>2,684,338,733,509</b>
<i>For the 6-month period ended 30 June 2019</i>						
Opening balance	1,310,759,370,000	566,368,537,309	205,815,380,525	131,075,937,000	598,178,430,070	2,812,197,654,904
Profit for the period	-	-	-	-	128,656,451,353	128,656,451,353
Profit distribution to funds (i)	-	-	2,550,241,092	-	(6,432,186,840)	(3,881,945,748)
Dividends declared (i)	-	-	-	-	(157,291,124,400)	(157,291,124,400)
<b>Closing balance</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>208,365,621,617</b>	<b>131,075,937,000</b>	<b>563,111,570,183</b>	<b>2,779,681,036,109</b>

(i) According to Resolution No. 09/2019/NQ-DHDCD dated 24 April 2019 by the Annual Shareholders' General Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the dividend payment for the year 2018 to the shareholders at the rate of 12% of owner's contributed capital from the retained earnings, which is equivalent to VND 157,291,124,400, made temporary distribution of VND 6,432,186,840 to the funds from the profit for the 6-month period ended 30 June 2019. The final decision on profit distribution for the year 2019 shall be made in the 2020 Annual General Shareholders' Meeting.



**Owners' contributed capital**

As at 30 June 2019, the total capital actually contributed by the shareholders and share premium are as follows:

	Contributed capital			
	Closing balance	Proportion	Opening balance	Proportion
	VND		VND	
<b>Owners' contributed capital</b>	<b>1,310,759,370,000</b>	<b>100.00%</b>	<b>1,310,759,370,000</b>	<b>100.00%</b>
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%
<b>Share premium</b>	<b>566,368,537,309</b>		<b>566,368,537,309</b>	
	<b>1,877,127,907,309</b>		<b>1,877,127,907,309</b>	

**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>	<i>131,075,937</i>	<i>131,075,937</i>

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

**16. INSURANCE PREMIUM**

	Current period	Prior period
	VND	VND
Inward reinsurance premium	1,193,792,531,516	909,588,866,270
<i>Energy insurance</i>	<i>1,671,063,419</i>	<i>1,365,856,260</i>
<i>Hull and P&amp;I insurance</i>	<i>136,888,407,951</i>	<i>145,376,280,935</i>
<i>Cargo insurance</i>	<i>81,641,785,103</i>	<i>62,042,381,216</i>
<i>Engineering insurance</i>	<i>104,432,829,172</i>	<i>103,629,709,581</i>
<i>Fire and property insurance</i>	<i>331,568,100,462</i>	<i>258,738,172,362</i>
<i>Aviation insurance</i>	<i>3,564,193,640</i>	<i>18,648,238,509</i>
<i>Other insurance</i>	<i>534,026,151,769</i>	<i>319,788,227,407</i>
Deductions of inward reinsurance premium	(17,080,099,725)	(17,739,108,334)
Increase in unearned premium reserve for inward reinsurance	132,967,906,292	36,273,094,486
	<b>1,043,744,525,499</b>	<b>855,576,663,450</b>

17. OUTWARD REINSURANCE PREMIUM

	Current period	Prior period
	VND	VND
Total outward reinsurance premium	523,203,443,061	582,589,957,901
<i>Energy insurance</i>	1,366,039,736	1,250,797,065
<i>Hull and P&amp;I insurance</i>	90,736,060,279	98,806,839,619
<i>Cargo insurance</i>	17,119,567,685	11,836,641,285
<i>Engineering insurance</i>	44,090,115,883	43,156,433,285
<i>Fire and property insurance</i>	222,146,392,102	180,606,032,633
<i>Aviation insurance</i>	2,715,050,587	17,458,226,843
<i>Other insurance</i>	145,030,216,789	229,474,987,171
Deductions of outward reinsurance premium	(2,542,914,754)	(8,818,002,144)
Increase in unearned premium reserve for outward reinsurance	4,985,364,862	21,676,494,080
	<b>515,675,163,445</b>	<b>552,095,461,677</b>

18. OTHER INCOME FROM INSURANCE ACTIVITIES

	Current period	Prior period
	VND	VND
Other receipts from inward reinsurance activities	2,498,456,487	791,864,303
Other receipts from outward reinsurance activities	18,407,090,684	10,236,389,610
	<b>20,905,547,171</b>	<b>11,028,253,913</b>

19. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	Prior period	Prior period
	VND	VND
Claim settlement expenses	496,987,534,882	400,456,994,843
<i>Energy insurance</i>	3,893,842,325	279,328,306
<i>Hull and P&amp;I insurance</i>	55,671,340,945	66,382,196,501
<i>Cargo insurance</i>	18,234,790,566	17,219,500,315
<i>Engineering insurance</i>	50,234,254,543	53,542,405,959
<i>Fire and property insurance</i>	147,603,606,269	121,951,240,117
<i>Aviation insurance</i>	13,167,359,744	1,524,880,680
<i>Other insurance</i>	208,182,340,490	139,557,442,965
Claim receipts from ceded policies	335,490,062,243	298,430,998,009
Increase in inward reinsurance claim reserve	64,760,718,404	105,919,454,396
Increase in outward reinsurance claim reserve	1,229,604,407	68,877,664,264
	<b>225,028,586,636</b>	<b>139,067,786,966</b>

20. OTHER EXPENSES FROM INSURANCE ACTIVITIES

	Current period	Prior period
	VND	VND
Other payments for inward reinsurance activities	13,723,619,065	17,966,751,000
Other payments for outward reinsurance activities	2,773,202,435	535,850,667
	<b>16,496,821,500</b>	<b>18,502,601,667</b>



21. FINANCIAL INCOME

	Current period	Prior period
	VND	VND
Interest on time deposits	87,853,082,217	75,817,079,243
Dividends and profits received	35,326,571,989	31,189,762,307
Interest on bonds, commercial bills	8,664,693,150	10,922,234,247
Income on entrustment investments	-	21,976,783,547
Gain on exchange differences	11,557,426,157	23,740,138,841
Profit from securities trading	23,183,332,286	-
Interest on demand deposits	73,986,750	117,295,630
Other financial income	-	268,550,000
	<b>166,659,092,549</b>	<b>164,031,843,815</b>

22. FINANCIAL EXPENSES

	Current period	Prior period
	VND	VND
Loss on exchange differences	10,984,091,202	27,644,590,987
Loss on securities trading	180,950,000	-
(Reversal of)/Provision for impairment of investments	(6,888,315,286)	1,319,216,440
Other financial expenses	6,043,922,502	8,116,010,679
	<b>10,320,648,418</b>	<b>37,079,818,106</b>

23. GENERAL AND ADMINISTRATION EXPENSES

	Current period	Prior period
	VND	VND
Administrative staff expenses	25,076,338,053	27,300,323,737
Office expenses	264,315,758	200,974,892
Depreciation and amortisation	413,313,917	2,806,210,945
Taxes, fees and charges	401,186,421	372,616,834
(Reversal of)/Made provision for doubtful debt	(4,062,871,728)	2,820,381,470
Out-sourced services	2,918,137,568	2,441,249,621
Expenses for business transactions, conferences, advertising	2,697,928,540	3,307,138,172
Other administration expenses	5,515,221,324	3,627,683,447
	<b>33,223,569,853</b>	<b>42,876,579,118</b>

24. PRODUCTION COST BY NATURE

	Current period	Prior period
	VND	VND
Cost of insurance activities	641,533,096,849	359,961,523,463
Employee expenses	25,076,338,053	27,300,323,737
Depreciation and amortisation	413,313,917	2,806,210,945
Out-sourced services	2,918,137,568	2,441,249,621
(Reversal of)/Made provision for doubtful debt	(4,062,871,728)	2,820,381,470
Other monetary expenses	8,878,652,043	7,508,413,345
	<b>674,756,666,702</b>	<b>402,838,102,581</b>

**25. PILOT AGRICULTURAL INSURANCE ACTIVITIES**

On 01 March 2011, the Prime Minister issued Decision No. 315/QĐ-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/QĐ-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 period, 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/QĐ-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and reinsurance enterprises have responsibilities to separately record the annual losses on 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.

**26. OPERATIONS OF OFFSHORE FISHING VESSEL INSURANCE**

On 07 July 2014, the Government issued Decree No. 67/2014/NĐ-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/NĐ-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 the current period, the total positive operating result from fishing vessel insurance activities of VND 0 (prior period: VND: 5,340,205,520) is allocated to catastrophe reserve.



27. CORPORATE INCOME TAX EXPENSE

	Current period	Prior period
	VND	VND
Profit before tax	152,004,848,640	152,962,196,962
Adjustments for taxable profit		
Less: Non-taxable income	(36,470,968,754)	(38,621,847,272)
Add: Non-deductible expenses	1,208,106,548	4,350,794,748
Taxable profit	116,741,986,434	118,691,144,438
Normal tax rate	20%	20%
Current corporate income tax payable	23,348,397,287	23,738,228,888
Corporate current income tax payable according to tax audit minutes	-	33,164,792

28. 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 maximizing the return to shareholders through the optimization 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 instruments are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	51,911,334,474	61,645,461,451
Trade receivables	1,144,715,780,812	864,352,992,094
Short-term investments	2,402,177,027,694	2,418,055,685,385
Long-term investments	1,161,434,751,168	974,245,527,793
<b>Total</b>	<b>4,760,238,894,148</b>	<b>4,318,299,666,723</b>
<b>Financial liabilities</b>		
Trade and other payables	1,159,219,549,457	740,898,046,995
Long-term deposits received	2,871,583,155	2,699,736,765
<b>Total</b>	<b>1,162,091,132,612</b>	<b>743,597,783,760</b>

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance 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 exchange 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 corporation-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 period, 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 period are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar (USD)	660,547,702,884	534,825,809,803	357,027,157,472	272,245,206,388
Euro (EUR)	3,488,142,743	2,961,472,645	910,205,901	910,312,066
Great Britain Pound (GBP)	197,130,805	194,716,149	14,627,745	-
Australian Dollar (AUD)	5,768,226	5,795,741	-	-
Singapore Dollar (SGD)	8,149,477	7,074,709	20,333,904	20,242,466
Japanese Yen (JPY)	289,411,536	288,399,237	96,882,699	96,447,038
Ringgit Malaysia (MYR)	-	-	1,466,163	-

#### **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 period would increase/decrease by the respective amounts as follows:

	Current period	Prior period
	VND	VND
United States Dollar (USD)	15,176,027,271	14,115,959,349
Euro (EUR)	128,896,842	102,441,737



*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 the Corporation's subsidiary and associate are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

The Corporation reviews and assesses these investments on an annual basis to provide concrete policies in order to ensure legal compliance and investment efficiency.

**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 balance sheet date, there is credit risk arising on the amounts due from customer receivables. The Corporation has made a 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 period is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that period. 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.

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	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
<b>Closing balance</b>				
Cash and cash equivalents	51,911,334,474	-	-	51,911,334,474
Trade receivables	1,144,715,780,812	-	-	1,144,715,780,812
Short-term investments	2,402,177,027,694	-	-	2,402,177,027,694
Long-term investments	-	727,585,054,885	433,849,696,283	1,161,434,751,168
<b>Total</b>	<b>3,598,804,142,980</b>	<b>727,585,054,885</b>	<b>433,849,696,283</b>	<b>4,760,238,894,148</b>
<b>Closing balance</b>				
Trade and other payables	1,159,219,549,457	-	-	1,159,219,549,457
Long-term deposits received	-	2,871,583,155	-	2,871,583,155
<b>Total</b>	<b>1,159,219,549,457</b>	<b>2,871,583,155</b>	<b>-</b>	<b>1,162,091,132,612</b>
<b>Net liquidity gap</b>	<b>2,439,584,593,523</b>	<b>724,713,471,730</b>	<b>433,849,696,283</b>	<b>3,598,147,761,536</b>
	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
<b>Opening balance</b>				
Cash and cash equivalents	61,645,461,451	-	-	61,645,461,451
Trade receivables	864,352,992,094	-	-	864,352,992,094
Short-term investments	2,418,055,685,385	-	-	2,418,055,685,385
Long-term investments	-	511,879,163,796	462,366,363,997	974,245,527,793
<b>Total</b>	<b>3,344,054,138,930</b>	<b>511,879,163,796</b>	<b>462,366,363,997</b>	<b>4,318,299,666,723</b>
<b>Opening balance</b>				
Trade and other payables	740,898,046,995	-	-	740,898,046,995
Long-term deposits received	-	2,699,736,765	-	2,699,736,765
<b>Total</b>	<b>740,898,046,995</b>	<b>2,699,736,765</b>	<b>-</b>	<b>743,597,783,760</b>
<b>Net liquidity gap</b>	<b>2,603,156,091,935</b>	<b>509,179,427,031</b>	<b>462,366,363,997</b>	<b>3,574,701,882,963</b>

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.



**29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Transactions and balances with related parties are presented in the interim consolidated financial statements for the 6-month period ended 30 June 2019.

**30. FINANCIAL RATIOS**

Items	Unit	Current period	Prior period
<b>1. Assets and resources structure arrangement</b>			
1.1. Assets structure arrangement			
- Non-current assets/Total assets	%	19.71	18.60
- Current assets/Total assets	%	80.29	81.40
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	60.57	56.44
- Owners' equity/Total resources	%	39.43	43.56
<b>2. Liquidity</b>			
2.1. Short-term liability liquidity	times	1.33	1.44
2.2. Quick liquidity	times	0.58	0.68
Items	Unit	Current period	Prior period
<b>3. Profit ratio</b>			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	18.13	25.50
- Profit after tax/Revenue ratio	%	15.34	21.55
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	2.16	2.33
- Profit after tax/Total assets ratio	%	1.82	1.97
3.3. Profit after tax/Owners' equity ratio	%	4.63	4.81

**31. 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.



32. SUMMARY OF CLAIMS

	Accident year		Total
	2017 VND	2018 VND	2019 VND
I. Accumulated claim reserve amount			
Claim reserve amount accumulated to the current year (1)	315,274,455,461	258,538,923,685	92,002,458,602
II. Accumulated paid claim amount			
As at year end of accident year	33,641,004,564	41,951,581,376	2,829,066,100
After 1 year	117,696,539,265	72,728,934,005	-
After 2 years	32,624,838,968	-	-
Paid claim amount accumulated to the current year (2)	183,962,382,797	114,680,515,381	2,829,066,100
III. Total outstanding claim reserve (3) = (1) - (2)	131,312,072,664	143,858,408,304	89,173,392,502
Outstanding claim reserve for previous years' losses			155,053,585,819
Total outstanding claim reserve at the period-end			519,397,459,289

33. SUBSEQUENT EVENT

There is no subsequent event occurring after 30 June 2019 to the reporting date needs to be adjusted or presented in the interim separate financial statement.



Nguyen Thanh Cong  
Preparer



Luu Thi Viet Hoa  
Chief Accountant



Pham Cong Tu  
General Director

Hanoi, 13 August 2019