

## NOTES TO THE FINANCIAL STATEMENTS

### Quarter 1/2014

#### I. General information

**1. Structure of ownership:** State Capital Investment Corporation – SCIC: 40.36%, Swiss Re Group: 25%, other shareholders: 34.64%

**2. Operating industry:** Insurance.

**3. Lines of business:** Inward and outward reinsurance and financial investment.

**4. Total number of subsidiaries: 01**

Total number of consolidated subsidiaries: 01

+ Company name: VINARE Invest Joint Stock Company

+ Address: 6<sup>th</sup> Floor, VINARE building, 141 Le Duan - Hoan Kiem - Ha Noi.

+ Parent company's equity ownership: 63.88%

+ Voting rights of parent company: 63.88%

**5. Joint venture is reflected in consolidated financial statements according to method of owner's equity**

Samsung Vina Joint-Venture Insurance Company

+ Head office address: 9<sup>th</sup> Floor, Diamond Plaza, 34 Le Duan, District 1, Ho Chi Minh City

+ Equity ownership: 25%

+ Voting rights: 25%

#### II. Financial year and accounting currency

##### 1. Financial year:

Parent company: Begins on 01 January 2014 and ends on 31 December 2014

Subsidiary: Begins on 01 January 2014 and ends on 31 December 2014

##### 2. Accounting currency: Vietnam Dong

#### III. Accounting standards and system

**1. Accounting system:** Decision No 232/2012/TT-BTC dated 28<sup>th</sup> December 2012 of Ministry of Finance guided the accounting system applied for insurance enterprises. Decision No 15/2006/QĐ-BTC dated 20<sup>th</sup> March 2006 of Ministry of Finance was on the issuance of enterprise accounting system.

##### 2. Statement on compliance with accounting standards and accounting system:

The Board of Directors ensures that the company's Financial Statements comply with Vietnamese accounting standards and the Vietnamese accounting system applicable to insurance enterprises and other current accounting regulation in Vietnam.

**3. Accounting method:** Receipts recorded to books.

#### IV. Accounting policies

The Board of Directors ensures that the interim Financial Statements and the latest Yearly Financial Statements apply the same accounting policies.

Báo cáo tài chính hợp nhất được lập trên cơ sở áp dụng chính sách kế toán thống nhất cho các giao dịch và sự kiện cùng loại trong những hoàn cảnh tương tự giữa công ty mẹ và công ty con.

##### 1. 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.

Foreign currencies:

The Corporation applies an accounting Exchange rate of USD/VND 20,100.

On 24 October 2012 the Ministry of Finance issued Circular 179/2012/TT-BTC to replace Circular 201/2009/TT-BTC dated 15 October 2012 providing guidance on recognition, assessment and handling of foreign exchange

difference with effect from 10 December 2012 and applicable for financial year 2012. Accordingly, recognition of foreign exchange difference is conducted in the following manner:

Transactions initially denominated in foreign currencies are translated into USD using the accounting exchange rate and later on translated using the actual exchange rate of Vietcombank on the payment date. The differences resulting from such translations are recorded in the income statement.

Payables and receivables relating to revenues and costs accounting for the quarter; sums, payables and receivables denominated in USD not relating to revenues and costs accounting at the end of the accounting period are translated using the buying rate of Vietcombank as at 31/03/2014 of USD/VND 21,085. Foreign currencies other than USD are translated into VND using the buying rate of Vietcombank as at 31/03/2014. The differences resulting from such translations are recorded in the income statement.

Exchange differences from revaluation of balances of monetary assets, liabilities, receivables denominated in foreign currencies that are not related to accounting for revenue and costs as at the balance sheet date are not used for dividend payment.

## **2. Tangible fixed assets and depreciation**

### **Tangible fixed assets:**

Tangible fixed assets are stated at cost less accumulated depreciation.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4-5

## **3. Financial investments:**

### **3.1 Cash and cash equivalents**

	<u>3/31/2014</u>	<u>12/31/2013</u>
Cash on hand	2,647,220,951	2,101,653,161
Cash in bank	20,312,339,169	40,798,510,763
Cash equivalents	359,798,700,798	730,493,806,420
	<b><u>382,758,260,918</u></b>	<b><u>773,393,970,344</u></b>

### **3.2 Short-term financial investments**

	<u>3/31/2014</u>	<u>12/31/2013</u>
	<u>VND</u>	<u>VND</u>
Bank deposits under one year	1,453,000,000,000	1,116,285,570,363
Short-term bonds	50,000,000	30,050,000,000
Stocks (short-term)	12,568,606,436	15,736,094,646
Other short-term investments	5,600,000,000	
Provision for diminution in value of short-term investments	(6,170,036,510)	(10,037,007,246)
	<b><u>1,465,048,569,926</u></b>	<b><u>1,152,034,657,763</u></b>

<b>3.3 Long-term financial investments</b>	<b>3/31/2014</b>	<b>12/31/2013</b>
	<b>VND</b>	<b>VND</b>
<b>Investments in joint ventures(a)</b>	<b>211,356,894,274</b>	<b>331,453,221,138</b>
<b>Other long-term investments</b>	<b>875,681,163,510</b>	<b>701,774,363,492</b>
+ Equity investments ( b )	472,000,270,000	472,000,270,000
+ Long-term bonds	140,000,000,000	140,000,000,000
+ Long-term deposits	285,000,000,000	123,000,000,000
+ Investment co-operation contract ( c )	55,000,000,000	55,000,000,000
+ Other long-term investments ( d )	821,206,063	821,206,063
+ Provision for diminution in value of long-term investments ( e )	(77,140,312,553)	(89,047,112,571)
	<b>1,087,038,057,784</b>	<b>1,033,227,584,630</b>

**Investment in joint venture:** is the equity investment in Samsung Vina Insurance Company (SVI) with the original amount of VND250,046,999,999 representing a stake of 50% in the Joint Venture Company. VINARE's Board of Management had a resolution on the sale of 25% of 50% of VINARE's ownership interest in SVI for SFMI. On January 17<sup>th</sup> 2014, SVI received license No 70/GF/KDBH issued by Ministry of Finance, Corporation's current stake in SVI is 25%. The two parties are currently in the process of finalizing the transaction.

(a)

<b>SVI's equity</b>	<b>3/31/2014</b>	<b>12/31/2013</b>
Charter capital	500,000,000,000	500,000,000,000
Funds	24,767,182,216	24,767,182,216
Retained earnings	182,660,916,828	137,999,478,051
- Retained earnings of Quarter I/2014	44,661,438,777	
- Accumulated retained earnings as at 31/12/2013	137,999,478,051	
<b>Total</b>	<b>707,428,099,044</b>	<b>662,766,660,267</b>
<b>VINARE's ownership interest in SVI</b>	<b>25%</b>	<b>50%</b>
<b>VINARE's capital contribution in SVI</b>	<b>211,356,894,273.75</b>	<b>331,383,330,134</b>

According to the agreement between VINARE and SFMI on the SVI capital transfer transaction, prior to the completion of the transaction, interests in SVI of the parties are on 50/50 basis, and after the completion of the transaction, interests of VINARE and SFMI in SVI will be on 25%/75% basis. In Quarter I/2014, SFMI has made payment of the purchase of 25% stake in SVI for VINARE. As at 31/03/2014, parties have not completed the transaction so Corporation made preliminary calculation of VINARE's interest in SVI as follows:

- Retained earnings as at 31/12/2013 was VND137,999,999,478,051 will be distributed on 50/50 ratio for parties.
- Net profit of VINARE in SVI for Quarter I 2014 is distributed on 25%/75% basis.
- Equity and other funds of VINARE in the owner's equity are on 25%/75% basis.

Official figures on interests of parties will be determined when all parties finalized the transaction.

(b) Equity investment	ip interest	3/31/2014	3/31/2014	12/31/2013
		Share	VND	VND
Petrolimex Joint Stock Insurance Company	8.76%	6,237,328	59,289,270,000	59,289,270,000
Post-Telecommunication Joint Stock Insurance	7.06%	3,175,200	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.00%	600,000	6,000,000,000	6,000,000,000
Global Insurance Joint Stock Company	4.40%	1,760,000	17,600,000,000	17,600,000,000
Bao Tin Insurance Joint Stock Company	2.67%	800,000	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint-Stock Corpo	8.42%	3,200,000	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	3.59%	269,500	2,695,000,000	2,695,000,000
Hung Vuong Insurance Company	10.00%	3,000,000	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.47%	30,000,000	278,000,000,000	278,000,000,000
			<b>472,000,270,000</b>	<b>472,000,270,000</b>

**Information of bonus shares as at 31/03/2014:**

1	Petrolimex Joint Stock Insurance Company	PGI	353,056
2	Post-Telecommunication Joint Stock Insurance Comp	PTI	381,024
3	Tien Phong Commercial Joint Stock Bank		2,542,857
4	Joint Stock Commercial Bank for Foreign Trade of Vi	VCB	11,806

c) **Entrusted investment cooperation:** are funds entrusted to Vietcombank Fund Management Company and Baoviet Equity Dynamic Open Ended Fund.

d) **Other long-term investments:** are the investments from welfare funds of the parent company.

e) **Provision for diminution in value of long-term investments:**

- Parent Company: is the provision for the impairment in equity investment in Tien Phong Bank and Dai Nam Securities Company
- Vinare Invest: is the provision for the investment in Tien Phong Bank

**4. Principles and methods of making technical reserves:**

**a. Technical 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, technical reserves of the Corporation in 2012 were made as follows:

- **Premium reserve:** This reserve is provided for at 25% of the premium retained for the quarter over all types of cargo insurance (by land, seaway, waterway, railway and airway) and at 50% for other types.

- **Claim reserve:**

- The Corporation applies a claim estimation method based on the nature of each case when claim reserve is insured for losses reported or claimed but remained unsettled at fiscal quarter-end.
- For losses that have incurred but have not been reported (IBNR), the Corporation applies 5% of the premium retained over all types of insurance.

- **Catastrophe reserve:** This reserve is made annually under statistical method (at a rate of 3% of retention rate of all transactions) until it reaches 100% of premium retained in the year.

**\* Underwriting reserve situation:**

**- Premium reserve, claim reserve for inward reinsurance**

	Beginning of quarter	Increase	Decrease	End of quarter
<b>Normal reinsurance activities</b>	<b>2,263,320,602,157</b>	<b>3,994,019,051</b>	<b>119,693,996,967</b>	<b>2,147,620,624,241</b>
+ Inward unearned premium re	657,852,676,954		10,213,865,187	647,638,811,767
+ Inward claim reserve	1,474,748,410,833		109,480,131,780	1,365,268,279,053
+ Catastrophe reserve	130,719,514,370	3,994,019,051		134,713,533,421
<b>Pilot Agriculture insurance activities</b>	<b>220,448,156,085</b>	<b>415,953,105</b>	<b>11,147,456,791</b>	<b>209,716,652,399</b>
+ Inward unearned premium reser	62,191,115,956	180,136,272		62,371,252,228
+ Inward claim reserve	156,251,855,123		11,147,456,791	145,104,398,332
+ Catastrophe reserve	2,005,185,006	235,816,833		2,241,001,839
<b>TOTAL</b>	<b>2,483,768,758,242</b>	<b>4,409,972,156</b>	<b>130,841,453,758</b>	<b>2,357,337,276,640</b>

**- Premium reserve, claim reserve for outward business**

	Beginning of quarter	Increase	Decrease	End of quarter
<b>Normal reinsurance activities</b>	<b>1,595,214,353,102</b>	<b>-</b>	<b>114,686,659,989</b>	<b>1,480,527,693,113</b>
+ Retroceded premium reserve	445,525,504,393		12,812,398,351	432,713,106,042
+ Outward claim reserve	1,149,688,848,709		101,874,261,638	1,047,814,587,071
<b>Pilot Agriculture insurance activities</b>	<b>199,262,127,947</b>	<b>467,260,787</b>	<b>9,259,919,291</b>	<b>190,469,469,443</b>
+ Retroceded premium reserve	56,326,281,242	467,260,787		56,793,542,029
+ Outward claim reserve	142,935,846,705		9,259,919,291	133,675,927,414
<b>TOTAL</b>	<b>1,794,476,481,049</b>	<b>467,260,787</b>	<b>123,946,579,280</b>	<b>1,670,997,162,556</b>

Making underwriting reserve is in accordance with methods of making reserve registered and approved by the Ministry of Finance in official document no 5297/BTC-QLBH dated 19 April 2012. Following the Circular No 232/2012 regulating on accounting regime for insurance enterprises effective since 1 January 2014, the allocation of technical reserve is re-presented as follows:

- Inward unearned premium reserve, retroceded premium reserve: these reserves are provided for at 25% of cargo insurance and 50% for other lines of business.
- Claim reserve: re-presented according to Circular 232/2012 for inward and outward claims criteria based on the nature of each case.

**b. Provision for diminution in value of securities investment:**

According to Circular No 228/2009/TT-BTC of Ministry of Finance issued on 7 December 2009, Corporation is allowed to make provision for investments in freely traded securities with book value higher than market value at the end of accounting period.

**c. Provision for doubtful debts:**

Before 2013, owing to the nature of reinsurance business, payment between cedants and reinsurers of treaties are normally settled late by 1-3 months from the date of issuing statement of accounts. To make it suitable with the payment practice in reinsurance, the Corporation apply the following practice for making provision for doubtful debts:

No provision is made for accounts receivable over due for less than 9 months. For accounts receivable over due from 09 to less than 15 months, the provision is made at the rate of 30%. For accounts receivable over due from 15 to less than 27 months, the provision is made at the rate of 50%. For accounts receivable over due from 27 to less than 39 months, provision is made at the rate of 70%. For accounts receivable over due for 39 months or more, the provision is made at the rate of 100%.

Since 2014, Corporation makes provision for doubtful debts based on the term of debt as regulated in Circular No 228/2009/TT-BTC dated 7 December 2009 of Ministry of Finance as follows:

No provision is made for accounts receivable over due for less than 6 months. For accounts receivable over due from 06 to less than 12 months, the provision is made at the rate of 30%. For accounts receivable over due from 1 to less than 2 years, the provision is made at the rate of 50%. For accounts receivable over due from 2 to less than 3 years, provision is made at the rate of 70%. For accounts receivable over due for 3 years or more, the provision is made at the rate of 100%.

#### **d. Provision for severance allowance**

This provision is made according to Resolution No 44/2003/ND-CP of Government issued on 9 May 2003 and internal regulations of Corporation.

#### **5. Recognition of equity capital:**

##### **a. Parent company**

Owners' equity: is the paid-up capital of the shareholders, which is monitored by each shareholder;

Share premium: the amount of money received from the share issuance in 2007 which is larger than the value of shares issued plus the costs of the issuance;

Retained profit: is the profit retained after allocating to various funds and dividend payment.

##### **b. Subsidiary**

Owners' equity: is the paid-up capital of shareholders. Charter capital as at 30/06/2014 of Vinare Invest was: VND93,919,000,000. The number of shares that shareholders have registered to purchase but have not implemented the capital contribution will be handled according to decisions of the BOM.

##### **c. Joint-venture company**

Owners' equity: is the paid-up capital of joint-venture parties. Charter capital as at 30 June 2014 of Samsung-Vina Insurance Company was VND500,000,000,000.

#### **6. Revenue recognition:**

Reinsurance inward revenue is recognised following the statement of accounts agreed by the Corporation and the reinsurers. Reinsurance outward revenue is recognised when the Corporation receives an acceptance statement of the reinsurer following the respective reinsurance notices issued by the Corporation. Such recognition is in conformity with regulations of financial regime applicable to insurance enterprises.

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 occurred.

Income from office leasing is recognised when occurred.

#### **7. Taxation:**

Calculation of tax duties is based on current taxation regulation.

According to Circular 134/2008/TT-BTC dated 31/12/2008 of the Ministry of Finance providing guidance of tax duties of overseas organisations and individuals having business operation in Vietnam or revenue from Vietnam, overseas retroceded premiums are subject to contractors' tax (corporate income tax) at the rate of 2%. Insurance enterprises have been discussing with the Ministry of Finance and the General Authority of Taxation in order to clarify some problems in complying with Circular 134/2008/TT-BTC and other tax agreements. According to Letter 8667/BTC-TCT dated 06/07/2010 of the Ministry of Finance providing guidance on contractors' tax levied on reinsurance business retroceded overseas, reinsurance contracts signed with overseas reinsurers who are residents of nations or territories which have signed Double Taxation Avoidance Agreements with Vietnam will be exempted from contractors' tax liabilities for the years 2005 – 2008 and within the period of such agreements on the basis of completing all the procedures provided for in the Letter. In January 2011, the Company sent a set of document for tax exemption as required in Letter 8667/BTC-TCT.

Based on the conclusion of the Ministry of Finance Inspection on contractors' tax duties of VINARE in the period 2009-2011 and the first six months of 2012, in September 2012 the Company completed the contractors' tax declaration and paid contractors' tax for the overseas reinsurers who are not residents in countries and territories which

have signed Double Taxation Avoidance Agreements with Vietnam with the amount of VND104,417,170. For contractor's tax in 2012, the Company makes declaration and payment according to Circular 28/2011/TT-BTC dated 28 February 2011 and Circular 60/2012/TT-BTC dated 12 April 2012 of the Ministry of Finance.

Other types of tax are subject to current taxation regulation in Vietnam.

#### ***V. Other information***

1. According to regulations in Circular 203/2009/TT-BTC issued on 20 October 2009 effective from 1 January 2010, in replacement of Decision No 206/2003/QĐ-BTC dated 12 December 2003 of the Minister of Ministry of Finance on the issuance of Regulations for management, use and depreciation of fixed assets: "When 100% state-owned enterprises do valuation of Enterprise to equitise according to discounted cashflow method, the difference of state capital between actual value and book value is not recognized as intangible fixed assets and is allocated to business expenses in the period but not exceeding 10 years. The starting time for allocation to business expenses is the time the enterprise officially becomes a joint-stock company". Before 2009, the difference was monitored and depreciated as intangible fixed assets, duration for allocation was 20 years; currently the Corporation has done allocation for 5 years. Pursuant to the above regulations, the remaining value of this difference amount (VND 14,640,221,973) is monitored as an expense waiting to be allocated on the Balance Sheet, Corporation allocate this amount to business expense for 5 years since 2010.
2. Following Decision 315/QĐ-TTg dated 1<sup>st</sup> March 2011 of the Prime Minister on the implementation of pilot agriculture insurance in the period of 2011-2013 with the principle that the insurance enterprises and VINARE underwrite agriculture insurance not for profit, the Corporation started to deploy pilot agriculture insurance in Quarter 3 of 2012. Corporation's financial regime, accounting method for pilot agriculture insurance follow guidance from Circular No 121/2011/TT-BTC dated 17 August 2011 and Circular No 101/2012/TT-BTC dated 20 June 2012 of the Ministry of Finance.
3. As mentioned in the part "Recognition of equity capital": As at 30 June 2014, the paid-up capital was VND93,919,000,000. The number of shares that shareholders have registered to purchase but have not implemented the capital contribution will be handled according to decisions of the BOM. Interests of shareholders will be calculated based on the ratio of capital contribution as at 30 June 2014 (In which: Interest of parent company is 63.88%, interest of minority shareholders is: 36.12%).

#### 4. Equity

	Operating capital	Share premium	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
<b>As at 01/01/2013</b>	<b>1,008,276,580,000</b>	<b>768,023,850,642</b>	<b>-</b>	<b>23,923,337,154</b>	<b>119,878,926,520</b>	<b>59,808,342,885</b>	<b>339,791,679,892</b>	<b>2,319,702,717,093</b>
Profit for the period							300,535,646,947	300,535,646,947
Profit distribution to funds				6,119,566,239	30,597,831,193	15,298,915,596	(59,632,603,097)	(7,616,290,069)
Dividends declared							(181,489,784,400)	(181,489,784,400)
Other increase/(decrease)								-
<b>As at 31/12/2013</b>	<b>1,008,276,580,000</b>	<b>768,023,850,642</b>	<b>-</b>	<b>30,042,903,393</b>	<b>150,476,757,713</b>	<b>75,107,258,481</b>	<b>399,204,939,342</b>	<b>2,431,132,289,571</b>
Profit for the period							138,122,132,287	138,122,132,287
Profit distribution to funds				2,539,135,452		6,347,838,630	(12,061,547,550)	(3,174,573,468)
Dividends declared (*)							(100,827,658,000)	(100,827,658,000)
Other increase/(decrease) (**)							(6,191,795,553)	(6,191,795,553)
<b>As at 31/03/2014</b>	<b>1,008,276,580,000</b>	<b>768,023,850,642</b>	<b>-</b>	<b>32,582,038,845</b>	<b>150,476,757,713</b>	<b>81,455,097,111</b>	<b>418,246,070,526</b>	<b>2,459,060,394,837</b>

(\*) According to Decision 09/2014/NQ-DHDCD dated 24th April 2014 of VINARE, the Board of Management declared the second dividend payment at the rate of 10%.

(\*\*) Decrease in retained earnings at the beginning of the period after SVI transaction, VNR's current capital contribution in SVI is 25%.



5. Income and business results:

a/ Consolidated income statements ( including pilot agricultura insurance)

NO	Criteria	Quarter 1/2014 (VND)	Quarter 1/2013 (VND)
1	Premium from reinsurance inward	266,032,803,176	220,123,854,630
2	Income from real estate investments		0
3	Net income from financial activities	137,111,318,691	66,944,722,409
4	Other incomes	3,885,475,512	3,144,536,376
5	Total expenses for insurance activities	224,360,916,137	171,997,796,987
6	Capital value of real estate investments		0
7	Expenses for financial activities	(6,083,527,431)	6,529,518,387
8	Administration expenses	23,131,561,753	20,109,483,643
9	Other expenses	1,215,887,367	1,372,399,463
10	Profit (Loss) from pilot agriculture insurance activities	-1,436,659,925	
11	Share of net profits from joint ventures	11,165,359,694	14,669,885,200
12	Accounting profit before tax (12=1+2+3+4-5-6-7-8-9+10+11)	174,133,459,322	104,873,800,135
13	Corporate income tax payable	36,102,110,672	20,812,157,259
14	Deferred corporate income tax	31,353,749	(5,304,469)
15	Net profit after corporate income tax (15=12-13-14)	137,999,994,901	84,066,947,345

b/ Consolidated income statements (excluding pilot agriculture insurance)

NO	Criteria	Quarter 1/2014 (VND)	Quarter 1/2013 (VND)
1	Income from reinsurance business	266,032,803,176	220,123,854,630
2	Income from real estate investments		0
3	Net income from financial activities	137,111,318,691	66,944,722,409
4	Other incomes	3,885,475,512	3,144,536,376
5	Total expenses for insurance activities	224,360,916,137	171,997,796,987
6	Capital value of real estate investments		0
7	Expenses for financial activities	(6,083,527,431)	6,529,518,387
8	Administration expenses	23,131,561,753	20,109,483,643
9	Other expenses	1,215,887,367	1,372,399,463
10	Share of net profits of joint ventures	11,165,359,694	14,669,885,200
11	Accounting profit before tax (11=1+2+3+4-5-6-7-8-9+10)	175,570,119,247	104,873,800,135
12	Corporate income tax payable		20,812,157,259
13	Deferred corporate income tax		(5,304,469)
14	Net profit after corporate income tax(14=11-12-13)	175,570,119,247	84,066,947,345

**c/ Results of pilot agriculture insurance**

NO	Criteria	Quarter 1/2014 (VND)	Quarter 1/2013 (VND)
1	<b>Income from pilot agriculture insurance</b>	<b>40,792,401,269</b>	<b>20,590,717</b>
2	Deductions	29,097,662,196	199,008
3	<b>Net income from pilot agriculture insurance activities ( 3=1-2)</b>	<b>11,694,739,073</b>	<b>20,391,709</b>
4	Direct expenses for pilot agriculture insurance	12,030,444,930	13,254,611
5	<b>Gross profit from pilot agriculture insurance ( 5= 3-4)</b>	<b>(335,705,857)</b>	<b>7,137,098</b>
6	Administration expenses	1,100,954,068	720,675
7	<b>Net profit from pilot agriculture insurance (7=5-6)</b>	<b>(1,436,659,925)</b>	<b>6,416,423</b>

**6. Comparative figures:** Conforming with provisions of Circular No 232/2012/TT-BTC providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers, Corporation adjusted and restated some criteria in the Income statement of the same period of last year and Balance sheet as at 31 December 2013 of Parent company to suit with the figures comparison for this year, as follows:

**a/ Income statement**

Criteria	Reported amount ( 30/06/2013)	Adjustment/reclassification n	After adjustment/reclassification
1. Gross written premium	396,842,242,372	(3,642,343,426)	393,199,898,946
2. Increase(decrease) in unearned premium reserve	7,222,331,864		-
- For inward reinsurance		(4,823,669,786)	(4,823,669,786)
- For outward reinsurance		2,398,662,078	2,398,662,078
3. Increase (decrease) in claim reserve	(10,027,068,998)		
- For inward reinsurance		(47,164,642,210)	(47,164,642,210)
- For outward reinsurance		(37,137,573,212)	(37,137,573,212)

**b/ Balance sheet**

Criteria	Reported amount ( 30/12/2013)	Adjustment/reclassification n	After adjustment/reclassification
1. Reinsurance assets			
- Unearned premium reserve for outward reinsurance		501,851,785,635	501,851,785,635
- Claim reserve for outward reinsurance		1,292,624,695,414	1,292,624,695,414
2. Underwriting reserves			
- Unearned premium reserve for inward reinsuranc	218,192,007,275	501,851,785,635	720,043,792,910
- Claim reserve for inward reinsurance	338,375,570,542	1,292,624,695,414	1,631,000,265,956

May 10<sup>th</sup> 2014

**Preparer**

**Chief Accountant**

**Chief Executive Officer**

**Nguyen Thanh Cong**

**Luu Thi Viet Hoa**

**Pham Cong Tu**

## BALANCE SHEET

Quarter 1/2014

### BH - CONSOLIDATED BALANCE SHEET- Q.1/2014

Unit: VND

Items	Codes	Notes	As at 31/03/2014	As at 01/01/2014 (Restated)
<b>ASSETS</b>				
<b>A- CURRENT ASSETS (100=110+120+130+140+150+190)</b>	<b>100</b>		<b>5,075,571,294,235</b>	<b>5,187,257,895,404</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>IV.3.1</b>	<b>382,758,260,918</b>	<b>773,393,970,344</b>
1. Cash on hand	111		22,959,560,120	42,900,163,924
2. Cash equivalents	112		359,798,700,798	730,493,806,420
<b>II. Short-term financial investments</b>	<b>120</b>	<b>IV.3.2</b>	<b>1,465,048,569,926</b>	<b>1,152,034,657,763</b>
1. Short-term investments	121		1,471,218,606,436	1,162,071,665,009
2. Provisions for impairment of short-term investments	129		(6,170,036,510)	(10,037,007,246)
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,523,883,162,048</b>	<b>1,466,363,727,947</b>
1. Trade accounts receivable	131		1,573,974,572,958	1,513,173,280,955
1.1. Receivables from insurance contracts	131.1		1,394,804,068,506	1,340,130,872,257
1.2. Other receivables	131.2		179,170,504,452	173,042,408,698
2. Advancement to suppliers	132		-	123,200,000
5. Provision for doubtful debts	139		(50,091,410,910)	(46,932,753,008)
<b>IV. Inventories</b>	<b>140</b>		<b>54,311,517</b>	<b>54,311,517</b>
1. Inventories	141		54,311,517	54,311,517
<b>V. Other short-term assets</b>	<b>150</b>		<b>32,829,827,270</b>	<b>934,746,784</b>
1. Advances	151		31,600,809,557	-
1.1. Deferred commission costs	151.1		31,600,809,557	-
2. VAT deductibles	152		807,154,043	601,043,709
5. Other short-term assets	158		421,863,670	333,703,075
<b>VI. Reinsurance assets</b>	<b>190</b>	<b>IV.4</b>	<b>1,670,997,162,556</b>	<b>1,794,476,481,049</b>
1. Retroceded premium reserve	191		489,506,648,071	501,851,785,635
2. Outward claim reserve	192		1,181,490,514,485	1,292,624,695,414
<b>(200=210+220+240+250+260)</b>	<b>200</b>		<b>1,227,656,227,872</b>	<b>1,175,401,172,287</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>6,000,000,000</b>	<b>6,000,000,000</b>
4. Other long-term receivables	218		6,000,000,000	6,000,000,000
4.1. Insurance deposit	218.1		6,000,000,000	6,000,000,000
<b>II. Fixed assets</b>	<b>220</b>		<b>48,535,175,473</b>	<b>54,897,845,859</b>
1. Tangible fixed assets	221		12,397,944,126	11,779,382,009
- Cost	222		25,866,964,826	24,737,860,826
- Accumulated depreciation	223		(13,469,020,700)	(12,958,478,817)
3. Intangible fixed assets	227		20,117,275,995	21,114,792,752
- Cost	228		24,642,917,809	24,415,317,809
- Accumulated amortisation	229		(4,525,641,814)	(3,300,525,057)
4. Construction in progress	230		16,019,955,352	22,003,671,098
<b>III. Investment real estates</b>	<b>240</b>		<b>16,297,932,503</b>	<b>16,652,235,383</b>
- Cost	241		34,055,061,893	34,055,061,893
- Accumulated depreciation	242		(17,757,129,390)	(17,402,826,510)
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>IV.3.3</b>	<b>1,087,038,057,784</b>	<b>1,033,157,693,626</b>
2. Investment in joint ventures	252		211,356,894,274	331,383,330,134
3. Other long-term investments	258		952,821,476,063	790,821,476,063
4. Provision for diminution in value of long-term financial investr	259		(77,140,312,553)	(89,047,112,571)
<b>V. Other long-term assets</b>	<b>260</b>		<b>69,785,062,112</b>	<b>64,693,397,419</b>
1. Long-term prepayments	261		4,975,821,576	6,022,177,067
2. Deferred tax assets	262		242,993,725	274,347,474
3. Other long-term assets	268		64,566,246,811	58,396,872,878
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>6,303,227,522,106</b>	<b>6,362,659,067,691</b>

	Codes	Notes	As at 31/03/2014	As at 01/01/2014 (Restated)
<b>RESOURCES</b>				
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>3,812,283,434,247</b>	<b>3,899,520,947,711</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,807,674,730,671</b>	<b>3,894,871,371,172</b>
2. Trade accounts payable	312		1,259,628,073,813	1,259,495,964,550
2.1. Payables to insurance contracts	312.1		1,219,851,413,135	1,226,428,057,169
2.2. Other payables	312.2		39,776,660,678	33,067,907,381
3. Advances from customers	313		51,563,286	206,429,422
4. Taxes and amounts payable to the State budget	314		33,443,960,826	12,325,352,658
5. Payables to employees	315		12,185,766,645	14,255,803,845

6. Other payables	316		12,615,830,204	12,615,830,204
8. Current payables	319		103,330,454,232	103,334,427,148
9. Unearned commissions	319.1		19,499,035,137	-
11. Bonus and welfare funds	323		9,582,769,888	8,868,805,103
13. Underwriting reserves	329	IV.4	2,357,337,276,640	2,483,768,758,242
13.1. Premium reserve	329.1		710,010,063,995	720,043,792,910
13.2. Claim reserve	329.2		1,510,372,677,385	1,631,000,265,956
13.3. Catastrophe reserve	329.3		136,954,535,260	132,724,699,376
<b>II. Long-term liabilities</b>	<b>330</b>		<b>4,608,703,576</b>	<b>4,649,576,539</b>
3. Other long-term liabilities	333		3,504,186,642	3,552,186,642
6. Provision for severance allowance	336		1,104,516,934	1,097,389,897
<b>B.EQUITY (400=400)</b>	<b>400</b>	<b>V.4</b>	<b>2,459,060,394,837</b>	<b>2,431,132,289,571</b>
<b>Equity</b>	<b>410</b>		<b>2,459,060,394,837</b>	<b>2,431,132,289,571</b>
1. Operating capital	411		1,008,276,580,000	1,008,276,580,000
2. Share premium	412		768,023,850,642	768,023,850,642
7. Investment and development funds	417		32,582,038,845	30,042,903,393
8. Financial reserve fund	418		150,476,757,713	150,476,757,713
9. Compulsory reserve fund	419		81,455,097,111	75,107,258,481
11. Retained earnings	421		418,246,070,526	399,204,939,342
<b>C. Minority interests</b>	<b>429</b>		<b>31,883,693,023</b>	<b>32,005,830,409</b>
<b>TOTAL RESOURCES (440=300+400+429)</b>	<b>440</b>		<b>6,303,227,522,106</b>	<b>6,362,659,067,691</b>

Hanoi May 10th, 2014

**PREPARER**

**CHIEF ACCOUNTANT**

**CHIEF EXECUTIVE OFFICER**

**Nguyen Thanh Cong**

**Luu Thi Viet Hoa**

**Pham Cong Tu**

**VIETNAM NATIONAL REINSURANCE CORPORATION**

Address: 141 Le Duan, Hoan Kiem, Ha Noi

Tel: 0439422354 Fax: 0439422351

**INCOME STATEMENT**

Quarter 1/2014

**BH -CONSOLIDATED INCOME STATEMENT - Q.1/2014**

Unit: Vietnamese Dong

ITEMS	Codes	Notes	Quarter 1		From 01/01 to the end of the period	
			2014	2013 (Restated)	2014	2013 (Restated)
<b>1.Premium revenue (01=01.1+01.2-01.3)</b>	<b>01</b>		<b>347,904,019,043</b>	<b>398,023,568,732</b>	<b>347,904,019,043</b>	<b>398,023,568,732</b>
In which:						
- Gross written premium	01.2		337,690,153,856	393,199,898,946	337,690,153,856	393,199,898,946
- Increase (decrease) in inward unearned premium reserve	01.3		(10,213,865,187)	(4,823,669,786)	(10,213,865,187)	(4,823,669,786)
<b>2. Retroceded premium (02=02.1-02.2)</b>	<b>02</b>		<b>217,368,583,870</b>	<b>238,673,776,092</b>	<b>217,368,583,870</b>	<b>238,673,776,092</b>
In which:						
- Gross retroceded premium	02.1		204,556,185,519	241,072,438,170	204,556,185,519	241,072,438,170
- Increase (decrease) in retroceded premium reserve	02.2		(12,812,398,351)	2,398,662,078	(12,812,398,351)	2,398,662,078
<b>3. Net premium income (03=01-02)</b>	<b>03</b>		<b>130,535,435,173</b>	<b>159,349,792,640</b>	<b>130,535,435,173</b>	<b>159,349,792,640</b>
<b>4. Commission and other income from reinsurance activities (04=04.1+04.2)</b>	<b>04</b>		<b>135,497,368,003</b>	<b>60,774,061,990</b>	<b>135,497,368,003</b>	<b>60,774,061,990</b>
In which:						
- Commission from reinsurance outward	04.1		21,264,128,549	48,849,196,358	<b>21,264,128,549</b>	48,849,196,358
- Other receipts from insurance business	04.2		114,233,239,454	11,924,865,632	114,233,239,454	11,924,865,632
<b>5. Net income from insurance business (10=03+04)</b>	<b>10</b>		<b>266,032,803,176</b>	<b>220,123,854,630</b>	<b>266,032,803,176</b>	<b>220,123,854,630</b>
<b>6. Payment for inward reinsurance claims (11=11.1-11.2)</b>	<b>11</b>		<b>174,154,262,349</b>	<b>177,738,116,508</b>	<b>174,154,262,349</b>	<b>177,738,116,508</b>
In which:						
- Total claims paid	11.1		174,154,262,349	177,738,116,508	174,154,262,349	177,738,116,508
- Deductions	11.2		-	-	-	-
<b>7. Recoverables from outward reinsurance</b>	<b>12</b>		<b>94,378,128,239</b>	<b>107,824,768,136</b>	<b>94,378,128,239</b>	<b>107,824,768,136</b>
<b>8. Increase (decrease) in inward claim reserve</b>	<b>13</b>		<b>(109,480,131,780)</b>	<b>(47,164,642,210)</b>	<b>(109,480,131,780)</b>	<b>(47,164,642,210)</b>
<b>9.Increase (decrease) in outward claim reserve</b>	<b>14</b>		<b>(101,874,261,638)</b>	<b>(37,137,573,212)</b>	<b>(101,874,261,638)</b>	<b>(37,137,573,212)</b>
<b>10. Total claims incurred (15=11-12+13-14)</b>	<b>15</b>		<b>72,170,263,968</b>	<b>59,886,279,374</b>	<b>72,170,263,968</b>	<b>59,886,279,374</b>
<b>11. Increase (decrease) in catastrophe reserve</b>	<b>16</b>		<b>3,994,019,051</b>	<b>4,563,539,724</b>	<b>3,994,019,051</b>	<b>4,563,539,724</b>
<b>12. Other expenses for insurance business (17=17.1+17.2)</b>	<b>17</b>		<b>148,196,633,118</b>	<b>107,547,977,889</b>	<b>148,196,633,118</b>	<b>107,547,977,889</b>

In which:						
- Commission	17.1		38,713,749,416	95,031,268,579	<b>38,713,749,416</b>	95,031,268,579
- Other expenses for insurance business	17.2		109,482,883,702	12,516,709,310	<b>109,482,883,702</b>	12,516,709,310
<b>13. Total costs for insurance business (18=15+16+17)</b>	<b>18</b>		<b>224,360,916,137</b>	<b>171,997,796,987</b>	<b>224,360,916,137</b>	<b>171,997,796,987</b>
<b>14. Gross profit from insurance business ( 19=10-18)</b>	<b>19</b>		<b>41,671,887,039</b>	<b>48,126,057,643</b>	<b>41,671,887,039</b>	<b>48,126,057,643</b>
<b>18. Revenue from financial activities</b>	<b>23</b>		<b>137,111,318,691</b>	<b>66,944,722,409</b>	<b>137,111,318,691</b>	<b>66,944,722,409</b>
<b>19. Expenses for financial activities</b>	<b>24</b>		<b>(6,083,527,432)</b>	<b>6,529,518,387</b>	<b>(6,083,527,432)</b>	<b>6,529,518,387</b>
<b>20. Gross profit from financial activities (25=23-24)</b>	<b>25</b>		<b>143,194,846,123</b>	<b>60,415,204,022</b>	<b>143,194,846,123</b>	<b>60,415,204,022</b>
<b>21. Management expenses</b>	<b>26</b>		<b>23,131,561,753</b>	<b>20,109,483,643</b>	<b>23,131,561,753</b>	<b>20,109,483,643</b>
<b>22. Net profit from insurance business (30=19+22+25-26)</b>	<b>30</b>		<b>161,735,171,409</b>	<b>88,431,778,022</b>	<b>161,735,171,409</b>	<b>88,431,778,022</b>
23. Income from other activities	31		3,885,475,512	3,144,536,376	3,885,475,512	3,144,536,376
24. Expenses for other activities	32		1,215,887,367	1,372,399,463	1,215,887,367	1,372,399,463
<b>25. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>2,669,588,145</b>	<b>1,772,136,913</b>	<b>2,669,588,145</b>	<b>1,772,136,913</b>
<b>Share of net profits of joint ventures</b>	<b>40.1</b>		<b>11,165,359,694</b>	<b>14,669,885,200</b>	<b>11,165,359,694</b>	<b>14,669,885,200</b>
<b>(Loss) from pilot agriculture insurance</b>	<b>40.2</b>		<b>(1,436,659,925)</b>		<b>(1,436,659,925)</b>	
<b>26. Accounting profit (50=30+40+40.1+40.2)</b>	<b>50</b>		<b>174,133,459,323</b>	<b>104,873,800,135</b>	<b>174,133,459,323</b>	<b>104,873,800,135</b>
27. Corporate income tax payable	51		36,102,110,672	20,812,157,259	36,102,110,672	20,812,157,259
28. Deferred corporate income tax payable	52		31,353,749	(5,304,469)	31,353,749	(5,304,469)
<b>29. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>137,999,994,902</b>	<b>84,066,947,345</b>	<b>137,999,994,902</b>	<b>84,066,947,345</b>
Profit after tax of minority interests			(122,137,386)	(312,574,897)	(122,137,386)	(312,574,897)
Profit after tax of shareholders of parent company			138,122,132,287	84,379,522,242	138,122,132,287	84,379,522,242
<b>30. Earning per share</b>	<b>70</b>		<b>1,370</b>	<b>837</b>	<b>1,370</b>	<b>837</b>

Hanoi, May 10th 2014

PREPARER

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER

Nguyen Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

**CONSOLIDATED CASHFLOW STATEMENT - Q1/2014***(Direct method)*

ITEMS	Codes	Notes		
			Quarter I/2014	Quarter I/2013 (Restated)
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
1. Receipts from insurance premium and commission	01		75,794,344,003	136,659,783,261
2. Payments for commission and other liabilities of insurance activities	02		(115,845,505,049)	(62,005,703,344)
3. Payments for employees	03		(17,347,502,705)	(14,696,331,136)
4. Payments for taxes and payables to the State Budget	05		(19,436,229,652)	(18,371,893,127)
5. Receipts from other activities	06		15,632,735,243	1,433,354,742
6. Payments for other liabilities	07		(15,629,214,069)	(2,940,555,797)
<i>Net cash (used in)/from operating activities</i>	<b>20</b>		<b>(76,831,372,229)</b>	<b>40,078,654,599</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1. Acquisitions of fixed assets & other long-term assets	21		(909,316,100)	(127,586,971)
5. Payments for investment in other entities	25		(5,148,388,477,973)	(1,440,495,747,552)
6. Receipts from investment in other entities	26		5,158,787,900,242	1,062,191,072,135
7. Receipts from investment interests	27		147,776,181,484	19,876,334,031
<i>Net cash from/(used in) investing activities</i>	<b>30</b>		<b>157,266,287,653</b>	<b>(358,555,928,357)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
6. Dividends paid to investors	36		(100,618,873,650)	(100,601,174,400)
<i>Net cash (used in) financing activities</i>	<b>40</b>		<b>(100,618,873,650)</b>	<b>(100,601,174,400)</b>
<b>Net increase/(decrease) in cash (50 = 20+30+40)</b>	<b>50</b>		<b>(20,183,958,226)</b>	<b>(419,078,448,158)</b>
1. Cash and cash equivalents at the beginning of the quarter	60		403,005,842,500	771,395,912,978
2. Effect of changes in foreign exchange rates	61		(63,623,356)	(5,114,394)
<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>70</b>		<b>382,758,260,918</b>	<b>352,312,350,426</b>

*Hanoi, May 10th 2014***PREPARER****CHIEF ACCOUNTANT****CHIEF EXECUTIVE OFFICER****Nguyen Nang Khoan****Luu Thi Viet Hoa****Pham Cong Tu**