

NOTES TO THE FINANCIAL STATEMENTS

Quarter I/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.

II. Financial year and accounting currency

- 1. Financial year:** Begins on 01 January 2014 and ends on 31 December 2014.
- 2. Accounting currency:** Vietnam Dong

III. Accounting standards and system

- 1. Accounting system:** Vietnamese accounting system applicable to insurance enterprises.
- 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.
- 4. Accounting policies**
The Board of Directors ensures that the interim Financial Statements and the latest Yearly Financial Statements apply the same accounting policies.

Accounting estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues expenses during the quarter. Actual results could differ from those estimates.

Capital contribution in joint ventures

A joint venture is a contractual agreement whereby the Corporation and other parties undertake an economic activity that is subject to a joint control. Joint control is understood as the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Investment in joint venture is an investment through which Corporation has significant impact in decision making process of finance and operation area of the party receiving investment but does not control these policies.

The capital contribution is recognized at the net amount of the cost and presented on the balance sheet as an investment in joint venture.

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.

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, provision is made at the rate of 30%. For accounts receivable over due from 15 to less than 27 months, 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, 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, provision is made at the rate of 100%.

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

Investments in securities

Investments in securities are recognised on the date of purchase and are initially measured at cost, including directly attributable transaction costs.

At the subsequent reporting dates, investments in securities are measured at cost, less the amount of diminution in value of investments in securities.

Provision for diminution in value of investments in securities is made in accordance with prevailing accounting regulations. Accordingly, the Company is allowed to make provision for investment in freely traded securities with book value higher than market value at the balance sheet date.

Revenue recognition

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

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.

Recognition of equity capital

Owners' equity: is the paid-up capital of the shareholders

Capital surplus is 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.

Foreign currencies

The Corporation applies an accounting exchange rate of USD/VND 21,000.

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.

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 reserves:

- 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 in accordance with Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government.

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.

| 5. Cash and cash equivalents | 3/31/2014 | 12/31/2013 |
|-------------------------------------|------------------------|------------------------|
| | VND | VND |
| Cash on hand | 843,214,617 | 359,128,050 |
| Bank deposits | 19,837,547,929 | 40,464,380,039 |
| Cash equivalents | 351,005,678,576 | 721,393,806,420 |
| | 371,686,441,122 | 762,217,314,509 |

| 6. Short-term financial investments | 3/31/2014 | 12/31/2013 |
|--|--------------------------|--------------------------|
| | VND | VND |
| Bank deposits under one year | 1,453,000,000,000 | 1,116,285,570,363 |
| Short-term bonds | | 30,000,000,000 |
| Stocks (short-term) | 8,953,531,826 | 11,949,531,826 |
| Provision for diminution in value of short-term investment | (4,101,184,826) | (7,396,869,626) |
| | 1,457,852,347,000 | 1,150,838,232,563 |

| 7. Long-term financial investments | 31/04/2014 | 31/12/2013 |
|---|--------------------------|--------------------------|
| | VND | VND |
| Investments in subsidiaries (a) | 60,000,000,000 | 60,000,000,000 |
| Interests in joint ventures (b) | 125,046,999,999 | 250,046,999,999 |
| Other long-term investments | 883,098,789,493 | 703,406,381,741 |
| + Equity investment (c) | 469,000,270,000 | 469,000,270,000 |
| + 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 (d) | 13,304,048,828 | 7,134,674,895 |
| + Entrusted investment (e) | 55,000,000,000 | 55,000,000,000 |
| + Other long-term investments (f) | 821,206,063 | 821,206,063 |
| + Provision for diminution in value of long-term investment | (80,026,735,398) | (91,549,769,217) |
| | 1,068,145,789,492 | 1,013,453,381,740 |

a) Investments in subsidiaries: is the equity investment in VinareInvest with the original value of VND60,000,000,000 representing a stake of 60% in the subsidiaries.

(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 SVI. VINARE's BOM had a resolution on the sale of 25% out of 50% stake of VINARE in SVI for SFMI. On 17 January 2014, the Ministry of Finance issued revised business license No 70/GF/KDBH to SVI, current equity ownership of Corporation in SVI is 25%. Finalizing the transaction is being completed by the two parties.

| (c) Equity investment | ownership | 3/31/2014 | 3/31/2014 | 12/31/2013 |
|----------------------------------|------------------|------------------|------------------------|------------------------|
| | | Shares | VND | VND |
| Petrolimex Joint Stock Insurance | 8.76% | 6,590,384 | 59,289,270,000 | 59,289,270,000 |
| PTI Insurance Company | 7.06% | 3,556,224 | 38,416,000,000 | 38,416,000,000 |
| Saigon - Halong Hotel | 6.00% | 600,000 | 6,000,000,000 | 6,000,000,000 |
| Global Insurance Company | 4.40% | 1,760,000 | 17,600,000,000 | 17,600,000,000 |
| Phu Hung Insurance Company | 2.67% | 800,000 | 8,000,000,000 | 8,000,000,000 |
| Agriculture Bank Insurance Join | 8.42% | 3,200,000 | 32,000,000,000 | 32,000,000,000 |
| Dai Nam Securities Joint Stock C | 3.59% | 269,500 | 2,695,000,000 | 2,695,000,000 |
| Hung Vuong Insurance Compan | 10.00% | 3,000,000 | 30,000,000,000 | 30,000,000,000 |
| Tien Phong Commercial Joint St | 5.41% | 30,000,000 | 275,000,000,000 | 275,000,000,000 |
| | | | 469,000,270,000 | 469,000,270,000 |

Information of bonus shares as at 31/03/2014

| NO | Stock name | Stock code | Number of shares |
|----|--|------------|------------------|
| 1 | Petrolimex Joint Stock Insurance Company | PGI | 353,056 |
| 2 | Post-Telecommunication Joint Stock Insurance Company | PTI | 381,024 |
| 3 | Tien Phong Commercial Joint Stock Bank | | 2,500,000 |
| 4 | Joint Stock Commercial Bank for Foreign Trade of Vietnam | VCB | 11,806 |

(d) Investment cooperation: represent contributions in the business cooperation and production sharing contract signed with the project investment owner. Vinare and Vinare-Invest are parties to the business cooperation project.

(e) Entrusted investment: are funds entrusted to Vietcombank Fund Management Company

(f) Other long-term investments: are the funds entrusted to fund management companies and the investment using the welfare fund of the Company.

(g) Provisions for impairment of long-term investments: are the provisions for the impairment in equity investments in Tien Phong Bank and Dai Nam Securities

8. Technical reserve

a/ Premium reserve, claim reserve for inward reinsurance

| | Beginning of quarter | Increase | Decrease | End of quarter |
|---|--------------------------|----------------------|------------------------|--------------------------|
| Normal reinsurance activities | 2,263,320,602,157 | 3,994,019,051 | 119,693,996,967 | 2,147,620,624,241 |
| + Inward unearned premium reserve | 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 |
| Pilot Agriculture insurance activities | 220,448,156,085 | 415,953,105 | 11,147,456,791 | 209,716,652,399 |
| + Inward unearned premium reserve | 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 |
| TOTAL | 2,483,768,758,242 | 4,409,972,156 | 130,841,453,758 | 2,357,337,276,640 |

b/ Premium reserve, claim reserve for outward business

| | Beginning of quarter | Increase | Decrease | End of quarter |
|---|--------------------------|--------------------|------------------------|--------------------------|
| Normal reinsurance activities | 1,595,214,353,102 | - | 114,686,659,989 | 1,480,527,693,113 |
| + 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 |
| Pilot Agriculture insurance activities | 199,262,127,947 | 467,260,787 | 9,259,919,291 | 190,469,469,443 |
| + 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 |
| TOTAL | 1,794,476,481,049 | 467,260,787 | 123,946,579,280 | 1,670,997,162,556 |

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.

8. Additional information

- On 1 March 2011, the Prime Minister issued Decision 315/QDD-TTg on the deployment of a pilot agriculture insurance scheme during 2011-2013 with the objective to help agricultural producers remedy and recover from financial losses caused by natural disasters or epidemics, contributing to ensuring social welfare in rural areas and promoting agricultural production. According to this Decision, Vietnam National Reinsurance Corporation has the responsibility to undertake agricultural reinsurance under the guidance of the Ministry of Finance.

On 17 August 2011, the Ministry of Finance issued Circular 121/2011/TT-BTC stipulating several financial issues for insurance and reinsurance enterprises who provide agriculture insurance under the pilot scheme following Decision 315/QD-TTg dated 1 March 2011 by the Prime Minister. The principle is that Vietnam National Reinsurance Corporation underwrite agriculture insurance not for profit. Insurance enterprises shall account separately for the revenues and costs arising from pilot agriculture insurance from other types of insurance, including agriculture insurance (if any) which they are writing.

On 20 June 2012, the Ministry of Finance issued Circular 101/2012/TT-BTC stipulating several financial issues for insurance and reinsurance enterprises underwriting agricultural insurance according to Decision 315/QD-TTg dated 1 March 2011 by the Prime Minister. Accordingly, insurance and reinsurance enterprises have the responsibility to separately record the annual losses from pilot agriculture insurance. The loss from pilot agriculture insurance shall be accounted for in their income statements for the financial period. In case the enterprises suffer from an overall loss due to the loss from pilot agriculture insurance, such loss will be carried forward to the following year as regulated by the law. VINARE began to undertake pilot agriculture reinsurance in 2012. As at 31 December 2013, the accumulated loss of pilot agriculture reinsurance was VND42,015,277,691.

In 2014, Corporation cooperates with relating parties to finalize accounting for the pilot time from 2011 to 2013. In Quarter I 2014, Loss of Pilot agriculture insurance is: VND1,436,659,925. This net loss is accounted for in the income statement of Corporation.

9. Equity

| | Operating capital | Share premium | Foreign exchange reserve | Investment and development fund | Financial reserve fund | Compulsory reserve fund | Retained earnings | Total |
|------------------------------|--------------------------|------------------------|--------------------------|---------------------------------|------------------------|-------------------------|------------------------|--------------------------|
| As at 01/01/2013 | 1,008,276,580,000 | 768,023,850,642 | | 23,923,337,154 | 119,616,685,767 | 59,808,342,885 | 249,036,378,347 | 2,228,685,174,795 |
| Profit for the period | | | | | | | 310,216,859,111 | 310,216,859,111 |
| 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) | | | | | | | | - |
| As at 31/12/2013 | 1,008,276,580,000 | 768,023,850,642 | - | 30,042,903,393 | 150,214,516,960 | 75,107,258,481 | 318,130,849,961 | 2,349,795,959,437 |
| Profit for the period | | | | | | | 126,956,772,593 | 126,956,772,593 |
| 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) | | | | | | | | - |
| As at 31/03/2014 | 1,008,276,580,000 | 768,023,850,642 | - | 32,582,038,845 | 150,214,516,960 | 81,455,097,111 | 332,198,417,004 | 2,372,750,500,562 |

(*) 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%.

10. Income and business results:

a/ Income statements (including pilot agricultura insurance)

| NO | Criteria | Quarter 1/2014 (VND) | Quarter 1/2013 (VND) |
|----|---|-------------------------|-------------------------|
| 1 | Premium from reinsurance inward | 266,032,803,175 | 220,123,854,630 |
| 2 | Income from real estate investments | | 0 |
| 3 | Net income from financial activities | 136,742,709,746 | 66,615,352,336 |
| 4 | Other incomes | 3,885,475,512 | 3,144,536,376 |
| 5 | Total expenses for insurance activities | 224,360,916,136 | 171,997,796,987 |
| 6 | Capital value of real estate investments | | 0 |
| 7 | Expenses for financial activities | (6,574,273,762) | 5,334,653,406 |
| 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 | Accounting profit before tax (11=1+2+3+4-5-6-7-8-9+10) | 163,090,237,014 | 91,069,409,843 |
| 12 | Corporate income tax payable | 36,102,110,672 | 20,812,157,259 |
| 13 | Deferred corporate income tax | 31,353,749 | (5,304,469) |
| 14 | Net profit after corporate income tax(14=11-12-13) | 126,956,772,593 | 70,262,557,053 |

b/ Income statements (excluding pilot agriculture insurance)

| NO | Criteria | Quarter 1/2014 (VND) | Quarter 1/2013 (VND) |
|----|---|-------------------------|-------------------------|
| 1 | Income from reinsurance business | 266,032,803,175 | 220,123,854,630 |
| 2 | Income from real estate investments | | 0 |
| 3 | Net income from financial activities | 136,742,709,746 | 66,615,352,336 |
| 4 | Other incomes | 3,885,475,512 | 3,144,536,376 |
| 5 | Total expenses for insurance activities | 224,360,916,136 | 171,997,796,987 |
| 6 | Capital value of real estate investments | | 0 |
| 7 | Expenses for financial activities | (6,574,273,762) | 5,334,653,406 |
| 8 | Administration expenses | 23,131,561,753 | 20,109,483,643 |
| 9 | Other expenses | 1,215,887,367 | 1,372,399,463 |
| 10 | Accounting profit before tax (10=1+2+3+4-5-6-7-8-9) | 164,526,896,939 | 91,069,409,843 |

c/ Results of pilot agriculture insurance

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

11. 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 to suit with the figures comparison for this year, as follows:

a/ Income statement

| Criteria | Reported amount (31/03/2013) | Adjustment/reclassific ation | After adjustment/reclassificat ion |
|---|---|---|---|
| 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 (31/12/2013) | Adjustment/reclassific ation | After adjustment/reclassificat ion |
|--|---|---|---|
| 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 reinsurance | 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 12th 2014***Preparer****Chief Accountant****Chief Executive Officer****Nguyen Thanh Cong****Luu Thi Viet Hoa****Pham Cong Tu**

BH - BALANCE SHEET- Q.1/2014

| Items | Codes | Notes | As at 31/03/2014 | As at 01/01/2014 (Restated) |
|---|------------|---------------|--------------------------|--------------------------------|
| ASSETS | | | | |
| A- CURRENT ASSETS (100=110+120+130+140+150+190) | 100 | | 5,052,066,749,314 | 5,169,329,279,094 |
| I. Cash and cash equivalents | 110 | III.5 | 371,686,441,122 | 762,217,314,509 |
| 1. Cash on hand | 111 | | 20,680,762,546 | 40,823,508,089 |
| 2. Cash equivalents | 112 | | 351,005,678,576 | 721,393,806,420 |
| II. Short-term financial investments | 120 | III.6 | 1,457,852,347,000 | 1,150,838,232,563 |
| 1. Short-term investments | 121 | | 1,461,953,531,826 | 1,158,235,102,189 |
| 2. Provisions for impairment of short-term investments | 129 | | (4,101,184,826) | (7,396,869,626) |
| III. Short-term receivables | 130 | | 1,519,260,523,143 | 1,461,407,153,112 |
| 1. Trade accounts receivable | 131 | | 1,563,737,329,886 | 1,502,964,176,953 |
| 1.1. Receivables from insurance contracts | 131.1 | | 1,394,804,068,506 | 1,340,130,872,257 |
| 1.2. Other receivables | 131.2 | | 168,933,261,380 | 162,833,304,696 |
| 2. Advancement to suppliers | 132 | | | 123,200,000 |
| 5. Provision for doubtful debts | 139 | | (44,476,806,743) | (41,680,223,841) |
| IV. Inventories | 140 | | 54,311,517 | 54,311,517 |
| 1. Inventories | 141 | | 54,311,517 | 54,311,517 |
| V. Other short-term assets | 150 | | 32,215,963,976 | 335,786,344 |
| 1. Short-term advances | 151 | | 31,600,809,557 | - |
| 1.1. Deferred commission costs | 151.1 | | 31,600,809,557 | |
| 2. VAT deductibles | 152 | | 240,082,749 | 55,875,269 |
| 5. Other short-term assets | 158 | | 375,071,670 | 279,911,075 |
| VI. Reinsurance assets | 190 | III.8b | 1,670,997,162,556 | 1,794,476,481,049 |
| 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. FIXED ASSETS (200=210+220+240+250+260) | 200 | | 1,132,172,929,074 | 1,079,103,222,694 |
| I. Long-term receivables | 210 | | 6,000,000,000 | 6,000,000,000 |
| 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 |
| II. Fixed assets | 220 | | 36,510,391,778 | 36,701,081,030 |
| 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 | | 20,102,501,872 | 21,097,411,428 |
| - Cost | 228 | | 24,601,202,609 | 24,373,602,609 |
| - Accumulated amortisation | 229 | | (4,498,700,737) | (3,276,191,181) |
| 4. Construction in progress | 230 | | 4,009,945,780 | 3,824,287,593 |
| III. Investment in real estates | 240 | | 16,297,932,503 | 16,652,235,383 |
| - Cost | 241 | | 34,055,061,893 | 34,055,061,893 |
| - Accumulated depreciation | 242 | | (17,757,129,390) | (17,402,826,510) |
| IV. Long-term financial investments | 250 | III.7 | 1,068,145,789,492 | 1,013,453,381,740 |
| 1. Investment in subsidiaries | 251 | | 60,000,000,000 | 60,000,000,000 |
| 2. Investment in joint ventures | 252 | | 125,046,999,999 | 250,046,999,999 |
| 3. Other long-term investments | 258 | | 963,125,524,891 | 794,956,150,958 |
| 4. Provision for diminution in value of long-term financial investments | 259 | | (80,026,735,398) | (91,549,769,217) |
| V. Other long-term assets | 260 | | 5,218,815,301 | 6,296,524,541 |
| 1. Long-term prepayments | 261 | | 4,975,821,576 | 6,022,177,067 |
| 2. Deferred tax assets | 262 | | 242,993,725 | 274,347,474 |
| TOTAL ASSETS (270=100+200) | 270 | | 6,184,239,678,388 | 6,248,432,501,788 |

| | | | As at 31/03/2014 | As at 01/01/2014 (Restated) |
|--|------------|--|--------------------------|--------------------------------|
| RESOURCES | | | | |
| A. LIABILITIES (300=310+330) | 300 | | 3,811,489,177,826 | 3,898,636,542,351 |
| I. Current liabilities | 310 | | 3,806,880,474,250 | 3,893,986,965,812 |
| 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 | | 33,436,303,378 | 12,281,315,224 |
| 5. Payables to employees | 315 | | 12,185,766,645 | 14,121,963,845 |
| 6. Other payables | 316 | | 12,615,830,204 | 12,615,830,204 |
| 8. Current payables | 319 | | 102,544,355,259 | 102,628,399,222 |
| 9. Unearned commissions | 319.1 | | 19,499,035,137 | |

| | | | | |
|--------------------------------------|------------|--------------|--------------------------|--------------------------|
| 11. Bonus and welfare funds | 323 | | 9,582,269,888 | 8,868,305,103 |
| 13. Underwriting reserves | 329 | III.8a | 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 |
| II. Long-term liabilities | 330 | | 4,608,703,576 | 4,649,576,539 |
| 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.EQUITY (400=400) | 400 | III.9 | 2,372,750,500,562 | 2,349,795,959,437 |
| Equity | 410 | | 2,372,750,500,562 | 2,349,795,959,437 |
| 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 | | 150,214,516,960 | 150,214,516,960 |
| 9. Compulsory reserve fund | 419 | | 81,455,097,111 | 75,107,258,481 |
| 11. Retained earnings | 421 | | 332,198,417,004 | 318,130,849,961 |
| TOTAL RESOURCES (440=300+400) | 440 | | 6,184,239,678,388 | 6,248,432,501,788 |

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 - 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) |
| 1. Premium revenue (01=01.1+01.2-01.3) | 01 | | 347,904,019,043 | 398,023,568,732 | 347,904,019,043 | 398,023,568,732 |
| 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) |
| 2. Retroceded premium (02=02.1-02.2) | 02 | | 217,368,583,870 | 238,673,776,092 | 217,368,583,870 | 238,673,776,092 |
| 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 |
| 3. Net premium income (03=01-02) | 03 | | 130,535,435,173 | 159,349,792,640 | 130,535,435,173 | 159,349,792,640 |
| 4. Commission and other income from reinsurance activities (04=04.1+04.2) | 04 | | 135,497,368,003 | 60,774,061,990 | 135,497,368,003 | 60,774,061,990 |
| In which: | | | | | | |
| - Commission from reinsurance outward | 04.1 | | 21,264,128,549 | 48,849,196,358 | 21,264,128,549 | 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 |
| 5. Net income from insurance business (10=03+04) | 10 | | 266,032,803,176 | 220,123,854,630 | 266,032,803,176 | 220,123,854,630 |
| 6. Payment for inward reinsurance claims (11=11.1-11.2) | 11 | | 174,154,262,349 | 177,738,116,508 | 174,154,262,349 | 177,738,116,508 |
| 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 | | | | | |
| 7. Recoverables from outward reinsurance | 12 | | 94,378,128,239 | 107,824,768,136 | 94,378,128,239 | 107,824,768,136 |
| 8. Increase (decrease) in inward claim reserve | 13 | | (109,480,131,780) | (47,164,642,210) | (109,480,131,780) | (47,164,642,210) |
| 9. Increase (decrease) in outward claim reserve | 14 | | (101,874,261,638) | (37,137,573,212) | (101,874,261,638) | (37,137,573,212) |
| 10. Total claims incurred (15=11-12+13-14) | 15 | | 72,170,263,968 | 59,886,279,374 | 72,170,263,968 | 59,886,279,374 |
| 11. Increase (decrease) in catastrophe reserve | 16 | | 3,994,019,051 | 4,563,539,724 | 3,994,019,051 | 4,563,539,724 |
| 12. Other expenses for insurance business (17=17.1+17.2) | 17 | | 148,196,633,118 | 107,547,977,889 | 148,196,633,118 | 107,547,977,889 |
| In which: | | | | | | |
| - Commission | 17.1 | | 38,713,749,416 | 95,031,268,579 | 38,713,749,416 | 95,031,268,579 |
| - Other expenses for insurance business | 17.2 | | 109,482,883,702 | 12,516,709,310 | 109,482,883,702 | 12,516,709,310 |
| 13. Total costs for insurance business (18=15+16+17) | 18 | | 224,360,916,137 | 171,997,796,987 | 224,360,916,137 | 171,997,796,987 |
| 14. Gross profit from insurance business (19=10-18) | 19 | | 41,671,887,039 | 48,126,057,643 | 41,671,887,039 | 48,126,057,643 |
| 18. Revenue from financial activities | 23 | | 136,742,709,746 | 66,615,352,336 | 136,742,709,746 | 66,615,352,336 |
| 19. Expenses for financial activities | 24 | | (6,574,273,762) | 5,334,653,406 | (6,574,273,762) | 5,334,653,406 |
| 20. Gross profit from financial activities (25=23-24) | 25 | | 143,316,983,508 | 61,280,698,930 | 143,316,983,508 | 61,280,698,930 |
| 21. Management expenses | 26 | | 23,131,561,753 | 20,109,483,643 | 23,131,561,753 | 20,109,483,643 |
| 22. Net profit from insurance business (30=19+22+25-26) | 30 | | 161,857,308,794 | 89,297,272,930 | 161,857,308,794 | 89,297,272,930 |
| 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 |
| 25. Profit from other activities (40=31-32) | 40 | | 2,669,588,145 | 1,772,136,913 | 2,669,588,145 | 1,772,136,913 |
| (Loss) from pilot agricultural insurance | 40.1 | | (1,436,659,925) | | (1,436,659,925) | |
| 26. Accounting profit (50=30+40+40.1) | 50 | | 163,090,237,014 | 91,069,409,843 | 163,090,237,014 | 91,069,409,843 |

| | | | | | | |
|---|-----------|--|------------------------|-----------------------|------------------------|-----------------------|
| 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 | 52 | | 31,353,749 | (5,304,469) | 31,353,749 | (5,304,469) |
| 29. Profit after tax (60=50-51-52) | 60 | | 126,956,772,593 | 70,262,557,053 | 126,956,772,593 | 70,262,557,053 |

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

CASHFLOW STATEMENT - Q1/2014

(Direct method)

| ITEMS | Code s | Note s | | |
|--|-----------|-----------|--------------------------|------------------------------|
| | | | Quarter I/2014 | Quarter I/2013 (Restated) |
| I. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| 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 | | (16,834,011,076) | (14,218,238,621) |
| 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 | | 7,220,515,710 | 1,371,104,742 |
| 6. Payments for other liabilities | 07 | | (14,927,559,405) | (2,413,435,762) |
| Net cash (used in)/from operating activities | 20 | | (84,028,445,469) | 41,021,617,149 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | | - |
| 1. Acquisitions of fixed assets & other long-term assets | 21 | | (909,316,100) | (127,586,971) |
| 5. Payments for investment in other entities | 25 | | (5,140,709,615,547) | (1,436,495,747,552) |
| 6. Receipts from investment in other entities | 26 | | 5,158,694,878,020 | 1,058,191,072,135 |
| 7. Receipts from investment interests | 27 | | 147,492,250,559 | 19,724,436,181 |
| Net cash from/(used in) investing activities | 30 | | 164,568,196,932 | (358,707,826,207) |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | | - | - |
| 6. Dividends paid to investors | 36 | | (100,618,873,650) | (100,601,174,400) |
| Net cash (used in) financing activities | 40 | | (100,618,873,650) | (100,601,174,400) |
| Net increase/(decrease) in cash (50 = 20+30+40) | 50 | | (20,079,122,187) | (418,287,383,458) |
| 1. Cash and cash equivalents at the beginning of the quarter | 60 | | 391,829,186,665 | 764,104,782,233 |
| 2. Effect of changes in foreign exchange rates | 61 | | (63,623,356) | (5,114,394) |
| Cash and cash equivalents at the end of the year (70 = 50+60+61) | 70 | | 371,686,441,122 | 345,812,284,381 |

Hanoi, May 10th 2014

PREPARER

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER

Nguyen Nang Khoan

Luu Thi Viet Hoa

Pham Cong Tu