

**VIETNAM NATIONAL REINSURANCE  
JOINT STOCK CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED SEPARATE  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**



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## **STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

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

### **THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS**

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

#### **Board of Management**

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

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

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



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

The Board of General Directors of the Corporation is responsible for preparing the separate financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these 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 separate financial statements;
- Prepare the 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 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 separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,



**Phạm Công Tu**  
**General Director**

Hanoi, 28 February 2017





No.: 454 /VN1A-HN-BC

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") prepared on 28 February 2017 as set out from page 04 to page 41, which comprise the balance sheet as at 31 December 2016, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***The Board of General Directors' Responsibility for the Separate Financial Statements***

The Board of General Directors is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting and for such internal control as the Board of General Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

  
**Nguyễn Tuấn Anh**

**Audit Director**

Audit Practising Registration Certificate  
No. 1291-2013-001

**For and on behalf of**

**DELOITTE VIETNAM COMPANY LIMITED**

28 February 2017

Hanoi, S.R. Vietnam

  
**Pham Tuan Linh**

**Auditor**

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

**BALANCE SHEET**

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Opening balance	Closing balance
<b>A. CURRENT ASSETS</b> <b>(100=110+120+130+140+150+190)</b>	<b>100</b>		<b>4,956,924,695,537</b>	<b>5,262,889,533,303</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>65,768,521,779</b>	<b>213,533,009,642</b>
1. Cash	111		65,768,521,779	198,533,009,642
2. Cash equivalents	112		-	15,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>6</b>	<b>2,038,499,868,925</b>	<b>1,962,041,160,180</b>
1. Trading securities	121		18,784,526,255	28,189,561,451
2. Provision for impairment of trading securities	122		(70,572,330)	(4,648,401,271)
3. Held-to-maturity investments	123		2,019,785,915,000	1,938,500,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>961,215,256,053</b>	<b>987,948,881,230</b>
1. Short-term trade receivables	131	7	1,007,526,719,094	1,025,215,585,992
1.1. Receivables of insurance contracts	131.1		671,608,358,009	702,403,057,743
1.2. Other trade accounts receivable	131.2		335,918,361,085	322,812,528,249
2. Advances to suppliers	132		-	56,500,000
3. Other short-term receivables	136		195,547,056	252,455,051
4. Provision for short-term doubtful debts	137		(46,507,010,097)	(37,575,659,813)
<b>IV. Inventories</b>	<b>140</b>		<b>53,899,538</b>	<b>206,866,990</b>
1. Inventories	141		53,899,538	206,866,990
<b>V. Other current assets</b>	<b>150</b>		<b>167,285,604,056</b>	<b>158,500,577,004</b>
1. Short-term prepaid expenses	151	8	167,284,562,994	158,476,806,806
1.1. Unallocated commission expenses	151.1		162,868,724,418	158,476,806,806
1.2. Other short-term prepaid expenses	151.2		4,415,838,576	-
2. Value added tax deductibles	152		1,041,062	23,770,198
<b>VI. Reinsurance assets</b>	<b>190</b>		<b>1,724,101,545,186</b>	<b>1,940,659,038,257</b>
1. Unearned premium reserve for outward reinsurance	191		538,028,932,731	490,575,015,171
2. Claim reserve for outward reinsurance	192		1,186,072,612,455	1,450,084,023,086

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



**BALANCE SHEET (Continued)**

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Opening balance	Closing balance
<b>B. NON-CURRENT ASSETS</b> <b>(200=210+220+230+240+250+260)</b>	<b>200</b>		<b>1,282,358,374,919</b>	<b>1,109,378,577,981</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>16,033,364,231</b>	<b>25,264,330,092</b>
1. Tangible fixed assets	221	9	6,495,512,172	8,583,315,430
- Cost	222		25,150,907,036	25,113,907,036
- Accumulated depreciation	223		(18,655,394,864)	(16,530,591,606)
2. Intangible assets	227	10	9,537,852,059	16,681,014,662
- Cost	228		32,392,480,734	32,392,480,734
- Accumulated amortisation	229		(22,854,628,675)	(15,711,466,072)
<b>III. Investment property</b>	<b>230</b>	<b>11</b>	<b>12,400,600,817</b>	<b>13,817,812,339</b>
- Cost	231		34,055,061,893	34,055,061,893
- Accumulated depreciation	232		(21,654,461,076)	(20,237,249,554)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>98,935,878</b>	<b>11,185,878</b>
1. Construction in progress	242		98,935,878	11,185,878
<b>V. Long-term financial investments</b>	<b>250</b>	<b>6</b>	<b>1,230,137,319,736</b>	<b>1,045,336,794,725</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		473,140,070,000	469,000,270,000
4. Provision for impairment of long-term financial investments	254		(9,999,821,329)	(23,715,348,145)
5. Held-to-maturity investments	255		581,997,071,065	415,051,872,870
<b>VI. Other non-current assets</b>	<b>260</b>		<b>1,688,154,257</b>	<b>2,948,454,947</b>
1. Long-term prepaid expenses	261	8	1,274,232,265	2,737,416,738
2. Deferred tax assets	262		413,921,992	211,038,209
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>6,239,283,070,456</b>	<b>6,372,268,111,284</b>

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

**BALANCE SHEET (Continued)**

As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Opening balance	Closing balance
<b>C. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>3,592,184,135,513</b>	<b>3,810,835,975,934</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,586,897,702,877</b>	<b>3,807,011,935,448</b>
1. Short-term trade payables	311	12	865,492,353,438	836,534,241,830
1.1 Payables of insurance contracts	311.1		607,989,414,980	598,460,877,116
1.2. Other trade accounts payable	311.2		257,502,938,458	238,073,364,714
2. Short-term advances from customers	312		2,014,397,619	1,562,551,137
3. Taxes and amounts payable to the State budget	313	13	9,043,565,559	7,846,906,895
4. Payables to employees	314		15,923,297,270	13,906,930,977
5. Other current payables	319	14	3,294,145,268	69,721,931,060
6. Unearned commission income	319.1	14	112,089,806,982	104,434,105,144
7. Bonus and welfare funds	322		15,192,432,223	13,920,685,579
8. Under-writing reserves	329	15	2,563,847,704,518	2,759,084,582,826
8.1. Unearned premium reserves for inward reinsurance	329.1		789,464,591,202	750,087,992,887
8.2. Claim reserves for inward reinsurance	329.2		1,582,784,781,398	1,834,243,959,691
8.3. Catastrophe reserve	329.3		191,598,331,918	174,752,630,248
<b>II. Long-term liabilities</b>	<b>330</b>		<b>5,286,432,636</b>	<b>3,824,040,486</b>
1. Other long-term payables	337	14	3,216,822,676	2,864,775,901
2. Long-term provisions	342		2,069,609,960	959,264,585
<b>D. EQUITY (400=410)</b>	<b>400</b>	<b>16</b>	<b>2,647,098,934,943</b>	<b>2,561,432,135,350</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>2,647,098,934,943</b>	<b>2,561,432,135,350</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		195,985,615,251	191,608,471,958
4. Compulsory reserve fund	419		114,427,745,725	103,484,887,493
5. Retained earnings	421		459,557,666,658	389,210,868,590
- Retained earnings accumulated to the prior year end	421a		258,134,931,590	250,468,691,627
- Retained earnings of the current year	421b		201,422,735,068	138,742,176,963
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>6,239,283,070,456</b>	<b>6,372,268,111,284</b>

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



**OFF-BALANCE SHEET ITEMS**

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



**Nguyen Thanh Cong**  
Preparer



**Luu Thi Viet Hoa**  
Chief Accountant



**Pham Cong Tu**  
General Director

Hanoi, 28 February 2017

# **INCOME STATEMENT**

*For the year ended 31 December 2016*

## **PART I - INCOME STATEMENT**

Unit: VND

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	964,477,551,001	991,766,780,590
2. Financial income	12	224,139,619,236	227,667,784,436
3. Other income	13	15,072,467,751	15,826,058,912
4. Total expenses for insurance activities	20	818,356,988,482	893,251,421,348
5. Financial expenses	22	23,002,783,824	(5,168,464,949)
6. General and administration expenses	23	88,812,375,162	65,404,937,283
7. Other expenses	24	2,744,439,173	7,031,547,302
8. Loss from pilot agricultural insurance	26	(46,732,312)	-
<b>9. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+26)</b>	<b>50</b>	<b>270,726,319,035</b>	<b>274,741,182,954</b>
10. Current corporate income tax expense	51	47,388,463,218	49,687,681,626
11. Deferred corporate tax (income)/expense	52	(202,883,783)	19,932,765
<b>12. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>	<b>223,540,739,600</b>	<b>225,033,568,563</b>

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

**INCOME STATEMENT (Continued)**

*For the year ended 31 December 2016*

**PART II: INCOME STATEMENT BY ACTIVITY**

Unit: VND

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

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



**INCOME STATEMENT (Continued)**

*For the year ended 31 December 2016*

**PART II: INCOME STATEMENT BY ACTIVITY (Continued)**


Unit: VND

ITEMS	Codes Notes		Current year	Prior year
15. Financial income	23	22	224,139,619,236	227,667,784,436
16. Financial expenses	24	23	23,002,783,824	(5,168,464,949)
<b>17. Gross profit from financial activities (25=23-24)</b>	<b>25</b>		<b>201,136,835,412</b>	<b>232,836,249,385</b>
18. General and administration expenses	26	24	88,812,375,162	65,404,937,283
<b>19. Net profit from operating activities (30=19+25-26)</b>	<b>30</b>		<b>258,445,022,769</b>	<b>265,946,671,344</b>
20. Other incomes	31		15,072,467,751	15,826,058,912
21. Other expenses	32		2,744,439,173	7,031,547,302
<b>22. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>12,328,028,578</b>	<b>8,794,511,610</b>
23. Loss from pilot agricultural insurance	40.1	26	(46,732,312)	-
<b>24. Accounting profit before tax (50=30+40+40.1)</b>	<b>50</b>		<b>270,726,319,035</b>	<b>274,741,182,954</b>
25. Current corporate income tax expense	51	28	47,388,463,218	49,687,681,626
26. Deferred corporate tax (income)/expense	52	28	(202,883,783)	19,932,765
<b>27. Profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>223,540,739,600</b>	<b>225,033,568,563</b>

*In which: Foreign exchange gain due to revaluation  
of monetary items denominated in foreign  
currencies at the year-end*

4,683,574,955

20,451,990,986

  
**Nguyen Thanh Cong**  
Preparer

  
**Luu Thi Viet Hoa**  
Chief Accountant

  
**Pham Cong Tu**  
General Director

Hanoi, 28 February 2017


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


**CASH FLOW STATEMENT**  
(Direct method)

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. Cash flows from operating activities</b>			
1. Receipts from inward and outward reinsurance activities	01	614,320,769,133	711,375,841,572
2. Payments for inward and outward reinsurance activities	02	(416,906,000,524)	(451,663,312,615)
3. Payments to employees	03	(35,697,835,433)	(32,608,961,194)
4. Payments for corporate income tax	05	(46,594,766,144)	(49,100,000,000)
5. Receipts from other activities	06	3,130,574,734	6,106,396,888
6. Payments for other activities	07	(13,951,530,533)	(23,944,063,397)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>104,301,211,233</b>	<b>160,165,901,254</b>
<b>II. Cash flows from investing activities</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(80,875,000)	(1,212,624,000)
2. Cash outflow for lending, buying debt instruments of other entities	23	(1,558,462,112,913)	(1,615,664,844,860)
3. Cash received from lending, selling debt instrument of other entities	24	1,306,434,517,187	1,356,681,977,696
4. Investments in other entities	25	(4,139,800,000)	-
5. Interest earned, dividends and profits received	27	200,192,427,858	205,781,344,710
<b>Net cash (used in) investing activities</b>	<b>30</b>	<b>(56,055,842,868)</b>	<b>(54,414,146,454)</b>
<b>III. Cash flows from financing activities</b>			
1. Dividends and profits paid	36	(196,718,736,500)	(196,271,082,000)
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>(196,718,736,500)</b>	<b>(196,271,082,000)</b>
<b>Net (decrease) in cash (50 = 20+30+40)</b>	<b>50</b>	<b>(148,473,368,135)</b>	<b>(90,519,327,200)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>213,533,009,642</b>	<b>295,269,181,493</b>
Effects of changes in foreign exchange rates	61	708,880,272	8,783,155,349
<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>70</b>	<b>65,768,521,779</b>	<b>213,533,009,642</b>

  
Nguyen Thanh Cong  
Preparer

  
Luu Thi Viet Hoa  
Chief Accountant

  
Pham Cong Tu  
General Director

Hanoi, 28 February 2017

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

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

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

**Operating industry and principal activities**

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

**Normal production and business cycle**

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

**The Corporation's structure**

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

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

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

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying 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 financial reporting.

The accompanying 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.



**3. ADOPTION OF NEW ACCOUNTING GUIDANCE AND REGULATION**

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

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

**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, claim reserve for outward reinsurance and short-term and long-term financial investments.

***Financial liabilities***

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

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

***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 insurance-related payables balance with the insurance-related receivables balance based on the principle of offsetting the ones that have been overdue for the longest time to the shortest time. The outstanding balance by client after offset, according to Circular No. 228/2009/TT-BTC dated 07 December 2009, will be subject to provision for doubtful debts on the following basis:

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

### Swap contracts

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

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

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

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

#### ***b. Held-to-maturity investments***

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

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

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

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

#### ***c. 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 enterprise over which the Corporation has significant influence and which is neither a subsidiary nor a joint venture of the Corporation. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Corporation records its investment in the investee at cost. The Corporation recognizes income in its income statement only to the extent that it receives distributions from the accumulated net profits of the investee arising subsequent to the date of acquisition by the Corporation. Distributions received in excess of such profits are considered a recovery of investment and are recorded as a reduction of the cost of the investment.

Investments in subsidiary and associate are presented in the balance sheet at cost less amount of impairment of the investments (if any). Provision for impairment of investment in associate is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance "guiding the appropriation and use of provisions for devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, 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.

**d. Equity investments in other entities**

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

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

**Construction in progress**

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

**Investment properties**

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

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

**Prepayments**

Prepayments are expenses which have already been paid 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 income statement using the straight-line method for the period over which the expected future economic benefits flow to the Corporation.



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.

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

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.



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**Other income and expenses relating to insurance activities**

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

**Severance allowance payable**

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

**Foreign currencies**

- The Corporation applies an accounting exchange rate of 22,500 VND/USD in the year (for the year ended 31 December 2015: 21,400 VND/USD) to transactions arising in foreign currencies during the year. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the payment date. Such exchange differences are recorded in the income statement.
- Liabilities and receivables relating to recognition of revenue and expenses from reinsurance for the year denominated in USD: At the balance sheet date, balances of receivables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 22,715 VND/USD (as at 31 December 2015: 22,450 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,785 VND/USD (as at 31 December 2015: 22,540 VND/USD). Such exchange differences are recorded in the 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 as follow: At the balance sheet date, balances of receivables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 22,715 VND/USD (as at 31 December 2015: 22,450 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,785 VND/USD (as at 31 December 2014: 22,540 VND/USD). Such exchange differences are recorded in the income statement.
- With regard to monetary assets, receivables and liabilities denominated in foreign currencies that are not related to recognition of revenue and expense for the year, the Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" issued by the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchanges differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.



### Enterprise funds

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

All profits are used to pay dividends to shareholders, allocate to compulsory reserve fund, investment and development fund and bonus and welfare funds. The allocation ratio shall be decided by the shareholders at the General 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 19 April 2012, the Ministry of Finance issued Official Letter No. 5297/BTC-QLBH on the registration of the method to make reserves for insurance transactions of the Corporation since 2012. Accordingly, under-writing reserves of the Corporation in the year are made as follows:

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

### Claim reserves:

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

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

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

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

## Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other year (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 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 year 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.

## 5. CASH AND CASH EQUIVALENTS

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	506,665,065	602,929,449
Bank demand deposits	65,261,856,714	197,930,080,193
Cash equivalents	-	15,000,000,000
	<b>65,768,521,779</b>	<b>213,533,009,642</b>



6. FINANCIAL INVESTMENTS

	Opening balance			Closing balance		
	Historical cost	Fair value	Provision	Historical cost	Fair value	Provision
	VND	VND	VND	VND	VND	VND
<b>a) Trading securities</b>	<b>18,784,526,255</b>	<b>18,713,953,925</b>	<b>(70,572,330)</b>	<b>28,189,561,451</b>	<b>25,078,053,400</b>	<b>(4,648,401,271)</b>
- Total value of stocks	18,784,526,255	18,713,953,925	(70,572,330)	28,189,561,451	25,078,053,400	(4,648,401,271)
+ BIDV Insurance Corporation (BIC)	-	-	-	1,458,310,200	2,626,241,500	-
+ Military Commercial Joint Stock Bank (MBB)	9,493,272,330	9,422,700,000	(70,572,330)	114,205	131,400	-
+ Song Da 10 Joint Stock Company (SDT)	-	-	-	10,004,752,882	7,115,440,000	(2,889,312,882)
+ FPT Joint Stock Company (FPT)	9,291,055,275	9,291,055,275	-	9,291,055,275	9,660,000,000	-
+ PetroVietnam General Services Joint Stock Company (PET)	-	-	-	7,435,328,889	5,676,240,500	(1,759,088,389)
+ VinGroup	198,650	198,650	-	-	-	-
<b>b) Held-to-maturity investments</b>	<b>2,601,782,986,065</b>		<b>(1,893,633,934)</b>	<b>2,353,551,872,870</b>		-
<b>b1) Short-term</b>	<b>2,019,785,915,000</b>		-	<b>1,938,500,000,000</b>		-
- Short-term deposits (i)	2,019,785,915,000		-	1,908,500,000,000		-
- Bonds (iii)	-		-	30,000,000,000		-
<b>b2) Long-term</b>	<b>581,997,071,065</b>		<b>(1,893,633,934)</b>	<b>415,051,872,870</b>		-
- Long-term deposits (ii)	185,000,000,000		-	68,000,000,000		-
- Bonds (iii)	170,000,000,000		-	180,000,000,000		-
- Investments under cooperation agreements (iv)	13,304,048,828		-	13,304,048,828		-
- Entrustment investments (v)	207,371,816,174		-	147,926,617,979		-
- Other long-term investments	6,321,206,063		-	5,821,206,063		-
<b>c) Investments in other entities</b>	<b>658,140,070,000</b>		<b>(8,106,187,395)</b>	<b>654,000,270,000</b>		<b>(23,715,348,145)</b>
- Investments in subsidiary	60,000,000,000		(6,147,538,926)	60,000,000,000		(6,515,525,830)
+ Vinare Investment Joint Stock Company	60,000,000,000		(6,147,538,926)	60,000,000,000		(6,515,525,830)
- Investments in joint-ventures, associates	125,000,000,000		-	125,000,000,000		-
- Investments in other entities (vi)	473,140,070,000		(1,958,648,469)	469,000,270,000		(17,199,822,315)



- (i) Short-term deposits represent deposits with original terms of over 3 months and remaining maturities as at 31 December 2016 of under 12 months at domestic commercial banks, with interest rates from 6.0 % to 7.5% per annum.
- (ii) Long-term deposits represent term deposits with terms of more than 12 months at domestic commercial banks and Home Credit Vietnam Joint Stock Company, with interest rates from 7.1% to 10.2% per annum.
- (iii) Bonds include corporate bonds and Government bonds with the maturities of less than 01 year from 01 year to 06 years and interest rates from 7.255% to 9.5% per annum.
- (iv) Investments under business cooperation agreements represents capital contributions for business cooperation and product sharing with Vinare Investment Joint Stock Company ("Vinare Invest") to implement Tincom Plaza project and Paragon Tower project.
- (v) Entrustment investments represent investments under trust contracts signed with Vietcombank Fund Management, Bao Viet Fund Management Co., Ltd. and Saigon Securities Incorporation under which, the Corporation shall bear all risks related to the escrow account.
- (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:

	Proportion of ownership interest as at 31/12/2016	Closing balance VND	Opening balance VND
<b>Equity investments in:</b>			
Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Post Telecommunication Joint Stock Insurance Company	4.42%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.00%	10,139,800,000	6,000,000,000
Global Insurance Joint Stock Company	4.40%	17,600,000,000	17,600,000,000
Phu Hung Insurance Joint Stock Company	2.26%	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	1.68%	2,695,000,000	2,695,000,000
Hung Vuong Insurance Joint Stock Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.41%	275,000,000,000	275,000,000,000
		<b>473,140,070,000</b>	<b>469,000,270,000</b>

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

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

Details of the Corporation's subsidiary as at 31 December 2016 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	Real estate investment and construction

Details of the Corporation's associate as at 31 December 2016 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	25%	25%	Non-life insurance

- Summary of the performance of subsidiary, associate in the year: the Corporation's subsidiary and associate have stable operation under registered operating sectors in the year ended 31 December 2016
- Significant transactions of the Corporation with its subsidiary and associate in the year are as follows:
  - + Between the Corporation and its subsidiary: there are no significant transactions arising during the year.
  - + Between the Corporation and Samsung Vina Insurance Co., Ltd.: there are transactions of outward/inward reinsurance premium, outward/inward reinsurance commission, and outward/inward reinsurance claim.

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

- The fair value of trading securities actively traded on financial markets is determined according to the closing price on the nearest day of the reporting date 31 December 2016.
- At the reporting date, fair value of other investments of which information for fair value determination is inadequate shall not be determined.



7. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Receivables from insurance contracts	671,608,358,009	702,403,057,743
- Receivables from inward reinsurance	318,381,313,467	245,413,218,686
- Receivables from outward reinsurance	337,470,356,660	416,571,252,771
- Other receivables from reinsurance activities	15,756,687,882	40,418,586,286
Other trade receivables	335,918,361,085	322,812,528,249
- Accrued gains on investments	87,350,808,582	96,504,533,675
- Other receivables related to swap contracts	245,322,000,000	224,500,000,000
- Other receivables	3,245,552,503	1,807,994,574
	<b>1,007,526,719,094</b>	<b>1,025,215,585,992</b>

8. PREPAID EXPENSES

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

9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

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

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



**10. INTANGIBLE ASSETS**

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

**11. 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>-</b>	<b>34,055,061,893</b>
- Building (i)	34,055,061,893	-	34,055,061,893
<b>Accumulated depreciation</b>	<b>20,237,249,554</b>	<b>1,417,211,522</b>	<b>21,654,461,076</b>
- Building (i)	20,237,249,554	1,417,211,522	21,654,461,076
<b>Net book value</b>	<b>13,817,812,339</b>	<b>-</b>	<b>12,400,600,817</b>
- Building	13,817,812,339	-	12,400,600,817

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

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

**12. SHORT-TERM TRADE PAYABLES**

	Closing balance	Opening balance
	VND	VND
Payables of insurance contracts	607,989,414,980	598,460,877,116
- Payables to inward reinsurance activities	229,001,466,355	193,579,100,580
- Payables to outward reinsurance activities	369,980,894,859	365,873,692,786
- Other payables to reinsurance activities	9,007,053,766	39,008,083,750
Other trade payables	257,502,938,458	238,073,364,714
- Temporary Withholding Tax collection (2% of overseas reinsurance fee)	7,359,399,849	10,506,668,237
- Other payables related to swap contracts	247,769,600,000	224,559,970,000
- Other payables	2,373,938,609	3,006,726,477
	<b>865,492,353,438</b>	<b>836,534,241,830</b>

13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during	Paid during	Closing balance
	VND	the year	the year	VND
Value added tax on domestic sales	82,808,521	1,624,931,421	1,517,354,664	190,385,278
Corporate income tax	7,687,964,277	47,388,463,218	46,594,766,144	8,481,661,351
Personal income tax	(15,896,793)	6,442,487,894	6,088,063,083	338,528,018
Business license tax	-	3,000,000	3,000,000	-
Other taxes and charges payable	92,030,890	2,509,501,592	2,568,541,570	32,990,912
<b>Total</b>	<b>7,846,906,895</b>	<b>57,968,384,125</b>	<b>56,771,725,461</b>	<b>9,043,565,559</b>

14. OTHER PAYABLES

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>	<b>115,383,952,250</b>	<b>174,156,036,204</b>
Unearned commission income	112,089,806,982	104,434,105,144
- Opening balance	104,434,105,144	97,838,561,942
- Unearned commission income incurred in the year	227,498,858,783	213,280,691,234
- Commission income allocated in the year	219,843,156,945	206,685,148,032
- Closing balance	112,089,806,982	104,434,105,144
Other current payables	3,294,145,268	69,721,931,060
Dividends payable	-	65,646,669,500
Other payables	3,294,145,268	4,075,261,560
<b>b) Long-term</b>	<b>3,216,822,676</b>	<b>2,864,775,901</b>
Long-term deposits	3,216,822,676	2,864,775,901
	<b>118,600,774,926</b>	<b>177,020,812,105</b>

15. 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	1,569,647,935,058	1,174,195,287,768	395,452,647,290
<i>Reserve for losses incurred and reported</i>	1,486,870,046,517	1,119,493,568,678	367,376,477,839
<i>Reserve for losses incurred not yet reported</i>	82,777,888,541	54,701,719,090	28,076,169,451
2. Unearned premium reserve	789,464,591,202	538,028,932,731	251,435,658,471
<b>II. Pilot agricultural insurance activities</b>			
1. Claim reserve	13,136,846,340	11,877,324,687	1,259,521,653
<i>Reserve for losses incurred and reported</i>	13,136,846,340	11,877,324,687	1,259,521,653
<i>Reserve for losses incurred not yet reported</i>	-	-	-
2. Unearned premium reserve	-	-	-
	<b>2,372,249,372,600</b>	<b>1,724,101,545,186</b>	<b>648,147,827,414</b>

In which:

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



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

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

16. OWNERS' EQUITY

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Compulsory reserve fund VND	Retained earnings VND	Total VND
Prior year's opening balance	1,310,759,370,000	566,368,537,309	187,516,840,406	93,255,808,614	447,082,597,127	2,604,983,153,456
Profit for the year	-	-	-	-	225,033,568,563	225,033,568,563
Profit distribution to funds	-	-	4,091,631,552	10,229,078,879	(20,753,423,100)	(6,432,712,669)
Dividends declared	-	-	-	-	(262,151,874,000)	(262,151,874,000)
<b>Prior year's opening balance</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>191,608,471,958</b>	<b>103,484,887,493</b>	<b>389,210,868,590</b>	<b>2,561,432,135,350</b>
Profit for the year	-	-	-	-	223,540,739,600	223,540,739,600
Profit distribution to funds (i)	-	-	4,377,143,293	10,942,858,232	(22,118,004,532)	(6,798,003,007)
Dividends declared (i)	-	-	-	-	(131,075,937,000)	(131,075,937,000)
<b>Current year's closing balance</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>195,985,615,251</b>	<b>114,427,745,725</b>	<b>459,557,666,658</b>	<b>2,647,098,934,943</b>

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



**Owners' contributed capital**

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

	Contributed capital		
	Closing balance	Proportion	Opening balance
	VND		VND
<b>Owners' contributed capital</b>	<b>1,310,759,370,000</b>	<b>100%</b>	<b>1,310,759,370,000</b>
State Capital Investment Corporation	529,060,350,000	40.36%	529,060,350,000
Swiss Re Group	327,689,890,000	25.00%	327,689,890,000
Other shareholders	454,009,130,000	34.64%	454,009,130,000
<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.

**17. INSURANCE PREMIUM**

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

**18. OUTWARD REINSURANCE PREMIUM**

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

**19. OTHER INCOME FROM INSURANCE ACTIVITIES**

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

**20. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES**

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



**21. OTHER EXPENSES FROM INSURANCE ACTIVITIES**

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

**22. FINANCIAL INCOME**

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Interest on time deposits	129,881,479,163	138,423,879,556
Dividends and profits received	33,262,899,560	33,703,574,132
Interest on bonds, commercial bills	15,910,106,850	12,704,089,041
Interest on entrustment investments	22,979,708,630	20,138,446,897
Interest on exchange differences	17,028,733,911	20,451,990,986
Interest on securities trading	4,692,241,984	1,836,101,316
Interest on demand deposits	384,449,138	409,702,508
	<u>224,139,619,236</u>	<u>227,667,784,436</u>

**23. FINANCIAL EXPENSES**

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Loss on exchange differences	16,828,543,651	10,187,486,860
Loss on securities trading	8,478,342,899	102,081,484
Reversal of provision for impairment of investments	(18,293,355,757)	(23,126,416,102)
Others	15,989,253,031	7,668,382,809
	<u>23,002,783,824</u>	<u>(5,168,464,949)</u>

**24. GENERAL AND ADMINISTRATION EXPENSES**

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

**25. PRODUCTION COST BY NATURE**

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

**26. 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 year, after deducting valid expenses, is supplemented to catastrophe reserve.



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

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

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

## 27. OPERATIONS OF OFFSHORE FISHING VESSEL INSURANCE

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

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

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

## 28. CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
<b>Profit before tax</b>	<b>270,726,319,035</b>	<b>274,741,182,954</b>
<b>Adjustments for taxable profit</b>		
Less: Non-taxable income	(37,946,474,515)	(54,155,565,118)
Add: Non-deductible expenses	4,162,471,572	5,267,480,465
<b>Taxable profit</b>	<b>236,942,316,092</b>	<b>225,853,098,301</b>
Normal tax rate	20%	22%
<b>Current corporate income tax payable</b>	<b>47,388,463,218</b>	<b>49,687,681,626</b>
<b>Deferred corporate tax (income)/expense</b>	<b>(202,883,783)</b>	<b>19,932,765</b>

## 29. 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 4.

### Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	65,768,521,779	213,533,009,642
Trade receivables	961,215,256,053	987,639,926,179
Claim reserve for outward reinsurance	1,186,072,612,455	1,450,084,023,086
Short-term investments	2,038,499,868,925	1,962,041,160,180
Long-term investments	1,051,284,858,662	866,852,320,555
<b>Total</b>	<b>5,302,841,117,874</b>	<b>5,480,150,439,642</b>
<b>Financial liabilities</b>		
Trade and other payables	858,132,953,589	891,674,243,093
Claim reserve for inward reinsurance	1,582,784,781,398	1,834,243,959,691
Long-term deposits received	3,216,822,676	2,864,775,901
<b>Total</b>	<b>2,444,134,557,663</b>	<b>2,728,782,978,685</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 year, the Corporation has entered into currencies swap transactions with banks to mitigate foreign exchange risk.

**Foreign currency risk management**

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

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

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

**Foreign currency sensitivity analysis**

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

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

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

**Share price risk management**

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

The Corporation is also exposed to equity price risks arising from investments in subsidiary and associate. The Corporation's Board of Management assesses and approves decisions on investments in subsidiary and associate such as operating industry, investees, etc. Investments in 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.



**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 year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

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

	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
<b>Opening balance</b>				
Cash and cash equivalents	65,768,521,779	-	-	65,768,521,779
Trade receivables	961,215,256,053	-	-	961,215,256,053
Claim reserve for outward reinsurance	1,186,072,612,455	-	-	1,186,072,612,455
Short-term investments	2,038,499,868,925	-	-	2,038,499,868,925
Long-term investments	-	580,103,437,131	471,181,421,531	1,051,284,858,662
<b>Total</b>	<b>4,251,556,259,212</b>	<b>580,103,437,131</b>	<b>471,181,421,531</b>	<b>5,302,841,117,874</b>
<b>Opening balance</b>				
Trade and other payables	858,132,953,589	-	-	858,132,953,589
Claim reserve for inward reinsurance	1,582,784,781,398	-	-	1,582,784,781,398
Long-term deposits received	-	3,216,822,676	-	3,216,822,676
<b>Total</b>	<b>2,440,917,734,987</b>	<b>3,216,822,676</b>	<b>-</b>	<b>2,444,134,557,663</b>
<b>Net liquidity gap</b>	<b>1,810,638,524,225</b>	<b>576,886,614,455</b>	<b>471,181,421,531</b>	<b>2,858,706,560,211</b>

	Less than 1 year VND	From 1 - 5 years VND	Over 5 years VND	Total VND
<b>Closing balance</b>				
Cash and cash equivalents	213,533,009,642	-	-	213,533,009,642
Trade receivables	987,639,926,179	-	-	987,639,926,179
Claim reserve for outward reinsurance	1,450,084,023,086	-	-	1,450,084,023,086
Short-term investments	1,962,041,160,180	-	-	1,962,041,160,180
Long-term investments	-	395,051,872,870	471,800,447,685	866,852,320,555
<b>Total</b>	<b>4,613,298,119,087</b>	<b>395,051,872,870</b>	<b>471,800,447,685</b>	<b>5,480,150,439,642</b>
<b>Closing balance</b>				
Trade and other payables	891,674,243,093	-	-	891,674,243,093
Claim reserve for inward reinsurance	1,834,243,959,691	-	-	1,834,243,959,691
Long-term deposits received	-	2,864,775,901	-	2,864,775,901
<b>Total</b>	<b>2,725,918,202,784</b>	<b>2,864,775,901</b>	<b>-</b>	<b>2,728,782,978,685</b>
<b>Net liquidity gap</b>	<b>1,887,379,916,303</b>	<b>392,187,096,969</b>	<b>471,800,447,685</b>	<b>2,751,367,460,957</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.

### 30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Transactions and balances with related parties are presented in the consolidated financial statements for the year ended 31 December 2016.



**31. FINANCIAL RATIOS**

Items	Unit	Current year	Prior year
<b>1. Assets and resources structure arrangement</b>			
1.1. Assets structure arrangement			
- Non-current assets/Total assets	%	20.55	17.41
- Current assets/Total assets	%	79.45	82.59
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	57.57	59.80
- Owners' equity/Total resources	%	42.43	40.20
<b>2. Liquidity</b>			
2.1. Short-term liability liquidity	times	1.38	1.38
2.2. Quick liquidity	times	0.59	0.57

Items	Unit	Current year	Prior year
<b>3. Profit ratio</b>			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	22.49	22.24
- Profit after tax/Revenue ratio	%	18.57	18.22
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	4.34	4.31
- Profit after tax/Total assets ratio	%	3.58	3.53
3.3. Profit after tax/Owners' equity ratio	%	8.44	8.79

**32. 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.

33. SUMMARY OF CLAIMS

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



Nguyen Thanh Cong  
Preparer



Luu Thi Viet Hoa  
Chief Accountant



Pham Cong Tu  
General Director

Hanoi, 28 February 2017