

**VIETNAM NATIONAL REINSURANCE
JOINT STOCK CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2017

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
INDEPENDENT AUDITORS' REPORT	3
BALANCE SHEET	4 - 7
INCOME STATEMENT	8 - 10
CASH FLOW STATEMENT	11
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	12 - 42

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 2017.

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
Mr. Nguyen Dinh An	Member (appointed on 26 April 2017)

Board of General Directors

Mr. Pham Cong Tu	General Director
Mr. Nguyen Manh Linh	Deputy General Director
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 2017 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,



Pham Cong Tu
General Director

Hanoi, 13 March 2018



No.: 568/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 13 March 2018 as set out from page 04 to page 42, which comprise the balance sheet as at 31 December 2017, 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 2017, 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 Tuan Anh
Audit Director
Audit Practising Registration Certificate
No. 1291-2018-001-1

Pham Tuan Linh
Auditor
Audit Practising Registration Certificate
No. 3001-2014-001-1

DELOITTE VIETNAM COMPANY LIMITED

13 March 2018
Hanoi, S.R. Vietnam

BALANCE SHEET

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS (100=110+120+130+140+150+190)	100		5,215,024,626,541	4,956,924,695,537
I. Cash and cash equivalents	110	5	168,003,369,951	65,768,521,779
1. Cash	111		65,003,369,951	65,768,521,779
2. Cash equivalents	112		103,000,000,000	-
II. Short-term financial investments	120	6	2,200,847,811,835	2,038,499,868,925
1. Trading securities	121		-	18,784,526,255
2. Provision for impairment of trading securities	122		-	(70,572,330)
3. Held-to-maturity investments	123		2,200,847,811,835	2,019,785,915,000
III. Short-term receivables	130		1,067,099,355,705	961,215,256,053
1. Short-term trade receivables	131	7	1,094,732,977,717	1,007,526,719,094
1.1. Receivables of insurance contracts	131.1		770,606,426,398	671,608,358,009
1.2. Other trade accounts receivable	131.2		324,126,551,319	335,918,361,085
2. Other short-term receivables	136		610,814,299	195,547,056
3. Provision for short-term doubtful debts	137		(28,244,436,311)	(46,507,010,097)
IV. Inventories	140		59,021,267	53,899,538
1. Inventories	141		59,021,267	53,899,538
V. Other current assets	150		187,931,351,792	167,285,604,056
1. Short-term prepaid expenses	151	8	187,931,351,792	167,284,562,994
1.1. Unallocated commission expenses	151.1		185,674,353,313	162,868,724,418
1.2. Other short-term prepaid expenses	151.2		2,256,998,479	4,415,838,576
2. Value added tax deductibles	152		-	1,041,062
VI. Reinsurance assets	190		1,591,083,715,991	1,724,101,545,186
1. Unearned premium reserve for outward reinsurance	191		526,110,829,307	538,028,932,731
2. Claim reserve for outward reinsurance	192		1,064,972,886,684	1,186,072,612,455

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

BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Opening balance	Closing balance
B. NON-CURRENT ASSETS (200=210+220+230+240+250+260)	200		1,098,753,379,812	1,282,358,374,919
I. Long-term receivables	210		22,000,000,000	22,000,000,000
1. Other long-term receivables	216		22,000,000,000	22,000,000,000
1.1. Insurance deposit	216.1		22,000,000,000	22,000,000,000
II. Fixed assets	220		7,605,175,886	16,033,364,231
1. Tangible fixed assets	221	9	5,165,764,208	6,495,512,172
- Cost	222		25,150,907,036	25,150,907,036
- Accumulated depreciation	223		(19,985,142,828)	(18,655,394,864)
2. Intangible assets	227	10	2,439,411,678	9,537,852,059
- Cost	228		32,438,480,734	32,392,480,734
- Accumulated amortisation	229		(29,999,069,056)	(22,854,628,675)
III. Investment property	230	11	10,983,389,295	12,400,600,817
- Cost	231		34,055,061,893	34,055,061,893
- Accumulated depreciation	232		(23,071,672,598)	(21,654,461,076)
IV. Long-term assets in progress	240		98,935,878	98,935,878
1. Construction in progress	242		98,935,878	98,935,878
V. Long-term financial investments	250	6	1,056,475,849,312	1,230,137,319,736
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		470,445,070,000	473,140,070,000
4. Provision for impairment of long-term financial investments	254		(8,081,138,135)	(9,999,821,329)
5. Held-to-maturity investments	255		409,111,917,447	581,997,071,065
VI. Other non-current assets	260		1,590,029,441	1,688,154,257
1. Long-term prepaid expenses	261	8	1,168,826,614	1,274,232,265
2. Deferred tax assets	262		421,202,827	413,921,992
TOTAL ASSETS (270=100+200)	270		6,313,778,006,353	6,239,283,070,456

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

BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES (300=310+330)	300		3,728,530,296,596	3,592,184,135,513
I. Current liabilities	310		3,724,096,400,477	3,586,897,702,877
1. Short-term trade payables	311	12	936,307,148,265	865,492,353,438
1.1 Payables of insurance contracts	311.1		693,969,225,780	607,989,414,980
1.2. Other trade accounts payable	311.2		242,337,922,485	257,502,938,458
2. Short-term advances from customers	312		1,386,887,302	2,014,397,619
3. Taxes and amounts payable to the State budget	313	13	5,406,853,938	9,043,565,559
4. Payables to employees	314		17,266,133,271	15,923,297,270
5. Other current payables	319	14	134,798,605,549	3,294,145,268
6. Unearned commission income	319.1	14	110,592,257,769	112,089,806,982
7. Bonus and welfare funds	322		17,415,702,598	15,192,432,223
8. Under-writing reserves	329	15	2,500,922,811,785	2,563,847,704,518
8.1. Unearned premium reserves for inward reinsurance	329.1		794,916,072,658	789,464,591,202
8.2. Claim reserves for inward reinsurance	329.2		1,512,161,661,581	1,582,784,781,398
8.3. Catastrophe reserve	329.3		193,845,077,546	191,598,331,918
II. Long-term liabilities	330		4,433,896,119	5,286,432,636
1. Other long-term payables	337	14	2,327,881,984	3,216,822,676
2. Long-term provisions	342		2,106,014,135	2,069,609,960
D. EQUITY (400=410)	400	16	2,585,247,709,757	2,647,098,934,943
I. Owners' equity	410		2,585,247,709,757	2,647,098,934,943
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		200,693,852,724	195,985,615,251
4. Compulsory reserve fund	419		126,198,339,406	114,427,745,725
5. Retained earnings	421		381,227,610,318	459,557,666,658
- Retained earnings accumulated to the prior year end	421a		302,266,542,258	258,134,931,590
- Retained earnings of the current year	421b		78,961,068,060	201,422,735,068
TOTAL RESOURCES (440=300+400)	440		6,313,778,006,353	6,239,283,070,456

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

OFF-BALANCE SHEET ITEMS

OFF-BALANCE SHEET ITEMS	Currency	Closing balance	Opening balance
1. Foreign currencies			
United States Dollar	USD	1,364,729.41	6,421,292.55
Australian Dollar	AUD	365.59	383.11
Japanese Yen	JPY	30,911.00	32,363.00
Singapore Dollar	SGD	456.13	478.21
Great Britain Pound	GBP	181.21	187.81
Euro	EUR	102,450.29	180,250.61



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

Hanoi, 13 March 2018

INCOME STATEMENT

For the year ended 31 December 2017

PART I - GENERAL INCOME STATEMENT

Unit: VND

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	981,229,357,935	964,477,551,001
2. Financial income	12	289,476,728,670	224,139,619,236
3. Other income	13	14,231,231,798	15,072,467,751
4. Total expenses for insurance activities	20	859,621,410,826	818,356,988,482
5. Financial expenses	22	68,102,434,428	23,002,783,824
6. General and administration expenses	23	65,772,157,874	88,812,375,162
7. Other expenses	24	2,562,981,893	2,744,439,173
8. Loss from pilot agricultural insurance	26	(182,695,993)	(46,732,312)
9. Profit from offshore fishing vessel insurance	27	3,405,849,758	-
10. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+26-27)	50	285,289,787,631	270,726,319,035
11. Current corporate income tax expense	51	51,444,421,276	47,388,463,218
12. Deferred corporate tax (income)	52	(7,280,835)	(202,883,783)
13. Net profit after corporate income tax (60=50-51-52)	60	233,852,647,190	223,540,739,600

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

INCOME STATEMENT (Continued)

For the year ended 31 December 2017

PART II: INCOME STATEMENT BY ACTIVITY

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Insurance premium (01 = 01.2-01.3)	01	17	1,646,020,498,992	1,615,531,301,918
- Inward reinsurance premium	01.2		1,651,471,980,448	1,655,557,770,806
- Increase in unearned premium reserve for inward reinsurance	01.3		5,451,481,456	40,026,468,888
2. Outward reinsurance premium (02 = 02.1-02.2)	02	18	1,076,496,869,623	1,046,187,700,508
- Outward reinsurance premium	02.1		1,064,578,766,199	1,094,034,381,793
- (Decrease)/Increase in unearned premium reserve for outward reinsurance	02.2		(11,918,103,424)	47,846,681,285
3. Net insurance premium (03 = 01-02)	03		569,523,629,369	569,343,601,410
4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)	04		411,705,728,566	395,133,949,591
- Commission income from outward reinsurance	04.1		225,549,747,164	219,843,156,945
- Other income from insurance activities	04.2	19	186,155,981,402	175,290,792,646
5. Net revenue from insurance activities (10 = 03+04)	10		981,229,357,935	964,477,551,001
6. Claim settlement expenses (11=11.1)	11		915,027,572,983	960,920,990,969
- Total claim settlement expenses	11.1		915,027,572,983	960,920,990,969
7. Claim receipts from ceded policies	12		667,456,345,229	700,149,869,512
8. (Decrease) in claim reserve for inward reinsurance	13		(66,364,159,211)	(254,549,864,081)
9. (Decrease) in claim reserve for outward reinsurance	14		(117,251,096,612)	(266,798,257,259)
10. Total insurance claim settlement expenses (15=11-12+13-14)	15	20	298,458,165,155	273,019,514,635
11. Increase in catastrophe reserve	16		(1,159,104,130)	16,845,701,670
12. Other expenses for insurance activities (17=17.1+17.2)	17		562,322,349,801	528,491,772,177
- Insurance commission expenses	17.1		364,407,391,143	340,266,357,974
- Other expenses for insurance activities	17.2	21	197,914,958,658	188,225,414,203
13. Total expenses for insurance activities (18=15+16+17)	18		859,621,410,826	818,356,988,482
14. Gross profit from insurance activities (19=10-18)	19		121,607,947,109	146,120,562,519

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

INCOME STATEMENT (Continued)

For the year ended 31 December 2017

PART II: INCOME STATEMENT BY ACTIVITY (Continued)

Unit: VND

ITEMS	Codes Notes		Current year	Prior year
15. Financial income	23	22	289,476,728,670	224,139,619,236
16. Financial expenses	24	23	68,102,434,428	23,002,783,824
17. Gross profit from financial activities (25=23-24)	25		221,374,294,242	201,136,835,412
18. General and administration expenses	26	24	65,772,157,874	88,812,375,162
19. Net profit from operating activities (30=19+25-26)	30		277,210,083,477	258,445,022,769
20. Other incomes	31		14,231,231,798	15,072,467,751
21. Other expenses	32		2,562,981,893	2,744,439,173
22. Profit from other activities (40=31-32)	40		11,668,249,905	12,328,028,578
23. Loss from pilot agricultural insurance	40.1	26	(182,695,993)	(46,732,312)
24. Profit from offshore fishing vessel insurance	40.2	27	3,405,849,758	-
25. Accounting profit before tax (50=30+40-40.1-40.2)	50		285,289,787,631	270,726,319,035
26. Current corporate income tax expense	51	28	51,444,421,276	47,388,463,218
27. Deferred corporate tax (income)	52	28	(7,280,835)	(202,883,783)
28. Profit after corporate income tax (60=50-51-52)	60		233,852,647,190	223,540,739,600



Nguyen Thanh Cong
Preparer

Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

Hanoi, 13 March 2018


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

CASH FLOW STATEMENT
(Direct method)


For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Receipts from inward and outward reinsurance activities	01	533,204,857,219	614,320,769,133
2. Payments for inward and outward reinsurance activities	02	(407,474,865,993)	(416,906,000,524)
3. Payments to employees	03	(39,826,676,770)	(35,697,835,433)
4. Payments for corporate income tax	05	(55,333,972,740)	(46,594,766,144)
5. Receipts from other activities	06	4,623,071,378	3,130,574,734
6. Payments for other activities	07	(24,243,810,785)	(13,951,530,533)
Net cash generated by operating activities	20	10,948,602,309	104,301,211,233
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(46,000,000)	(80,875,000)
2. Cash outflow for lending, buying debt instruments of other entities	23	(893,255,815,350)	(1,558,462,112,913)
3. Cash recovered from lending, selling debt instrument of other entities	24	932,450,175,535	1,306,434,517,187
4. Equity investments in other entities	25	-	(4,139,800,000)
5. Cash recovered from investments in other entities	26	2,695,000,000	-
6. Interest earned, dividends and profits received	27	206,551,126,338	200,192,427,858
Net cash generated by/(used in) investing activities	30	248,394,486,523	(56,055,842,868)
III. Cash flows from financing activities			
1. Dividends and profits paid	36	(157,291,124,400)	(196,718,736,500)
Net cash (used in) financing activities	40	(157,291,124,400)	(196,718,736,500)
Net increase/(decrease) in cash (50 = 20+30+40)	50	102,051,964,432	(148,473,368,135)
Cash and cash equivalents at the beginning of the year	60	65,768,521,779	213,533,009,642
Effects of changes in foreign exchange rates	61	182,883,740	708,880,272
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	168,003,369,951	65,768,521,779


Nguyen Thanh Cong
Preparer


Luu Thi Viet Hoa
Chief Accountant


Pham Cong Tu
General Director

Hanoi, 13 March 2018

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 2017 was 101 (31 December 2016: 100).

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 operating cycle

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

The Corporation's structure

As at 31 December 2017, 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 2017, 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 2016.

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. NEW GUIDANCE ISSUED BUT NOT YET ADOPTED

On 15 May 2017, the Ministry of Finance issued Circular No. 50/2017/TT-BTC ("Circular 50") guiding the Government's Decree No. 73/2016/ND-CP dated 01 July 2016 on details of the implementation of the Law on insurance business and the Law on amendments to certain articles of the Law on insurance business. Circular 50 is effective from 01 July 2017. The Board of General Directors has adopted Circular 50 in the preparation and presentation of the Corporation's financial statements for the year ended 31 December 2017.

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 may differ from those estimates.

Financial instruments

Initial recognition

Financial assets

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

Financial assets of the Corporation comprise cash and cash equivalents, trade receivables, and short-term and long-term financial investments.

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 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 overdue from 06 to less than 12 months, the provision is made at the rate of 30%;
- For accounts receivable overdue from 12 to less than 24 months, the provision is made at the rate of 50%;
- For accounts receivable overdue from 24 to less than 36 months, the provision is made at the rate of 70%;
- For accounts receivable overdue for 36 months or more, the provision is made at the rate of 100%.

Swap contracts

Swap contracts are agreements to settle in cash at a future date based on predetermined foreign exchange rate. As at inception date of agreements, the Corporation pays an original amount denominated in foreign currency to the counterparty and records this amount in account receivable. 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.

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.

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

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

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

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

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.

e. Provision for impairment of financial investments

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, 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

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 as at the balance sheet date.

Insurance deposit

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

Revenue recognition

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

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

At the year end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this year so as to allocate such commission income to the subsequent years. For outward reinsurance contracts with terms of 1 year or less, 25% rate method is applied for cargo insurance and 50% rate method for other kinds of insurance. For those with terms of more than 1 year, 55% rate method is applied for all kinds of insurance.

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

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

Income from office leasing is recognized when incurred.

Expenditures

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

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

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

At the year end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the year yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent years. For inward reinsurance contracts with terms of 1 year or less, 25% rate method is applied for cargo insurance and 50% rate method for other kinds of insurance. For those with terms of more than one year, 55% rate method is applied for all kinds of insurance.

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 2016: 22,500 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. Exchange differences arising from such transactions 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 into VND using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 22,655 VND/USD (as at 31 December 2016: 22,715 VND/USD), balances of payables are translated into VND using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,735 VND/USD (as at 31 December 2016: 22,785 VND/USD). Exchange differences arising from such transactions are recorded in the income statement.
- Liabilities and receivables relating to recognition of revenue and expenses from reinsurance for the year denominated in currencies other than USD at the balance sheet date are translated into USD at the accounting exchange rate. 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 22,655 VND/USD (as at 31 December 2016: 22,715 VND/USD), balances of payables are translated into VND using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,735 VND/USD (as at 31 December 2016: 22,785 VND/USD). Exchange differences arising from such transactions 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 expenses 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 12 March 2018, the Ministry of Finance issued Official Letter No. 2713/BTC-QLBH on the approval of registration of the method to make reserves for insurance transactions of the Corporation since 2017. Accordingly, under-writing reserves of the Corporation in the year are made as follows:

Premium reserve:

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

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

For financial year ended 31 December 2016, the Corporation made the provision of premium inward and outward reserves for all types of cargo insurance (by land, seaway, waterway, railway and airway) at 25% of the inward reinsurance premium and outward reinsurance premium and at 50% of the inward reinsurance premium and outward reinsurance premium for other types. Accordingly, increase in premium inward reserve and Increase in premium outward reserve item on the income statement for the financial year ended 31 December 2016 increase about VND 2.2 billion and VND 1 billion respectively from this change of accounting estimate.

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 2% of the retained premium rate of all transactions) until it reaches 100% of the premium retained in the year.

For the financial year ended 31 December 2016, the Corporation made catastrophe reserve at a rate of 3% of the retained premium rate of all transactions. Accordingly, the Increase in catastrophe reserve item on the income statement for the financial year ended 31 December 2017 decreases about VND 5.8 billion from this change of accounting estimate.

Balance assurance reserve:

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

Health-care reinsurance reserve: is made annually at the rate of 2% retained premium rate for all transactions until it reaches 100% retained premium in the year.

For the financial year ended 31 December 2017, the Corporation has made the provision for balance assurance reserve with total amount of VND 269,631,151 and recognised on Catastrophe Reserve item with a separate line.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard No. 19 - "Insurance Contract" and Decision No. 100/2005/QĐ-BTC, effective from 2006. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves, including catastrophe reserve, for future claim compensation if claims are not incurred on the balance sheet date, which included Catastrophe reserve. Currently, in accordance with guidance under Decree No. 73/2016/ND-CP issued by the Government dated 01 July 2016 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 2017 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

	Closing balance	Opening balance
	VND	VND
Cash on hand	429,301,330	506,665,065
Bank demand deposits	64,574,068,621	65,261,856,714
Cash equivalents	103,000,000,000	-
	168,003,369,951	65,768,521,779

6. FINANCIAL INVESTMENTS

	Closing balance			Opening balance		
	Historical cost	Fair value	Provision	Historical cost	Fair value	Provision
	VND	VND	VND	VND	VND	VND
a) Trading securities						
- Total value of stocks	-	-	-	18,784,526,255	18,713,953,925	(70,572,330)
+ <i>Military Commercial Joint Stock Bank (MBB)</i>				18,784,526,255	18,713,953,925	(70,572,330)
+ <i>FPT Joint Stock Company (FPT)</i>				9,493,272,330	9,422,700,000	(70,572,330)
+ <i>VinGroup</i>				9,291,055,275	9,291,055,275	-
				198,650	198,650	-
b) Held-to-maturity investments	2,609,959,729,282		-	2,601,782,986,065		(1,893,633,934)
b1) Short-term	2,200,847,811,835		-	2,019,785,915,000		-
- Short-term deposits (i)	1,975,000,000,000		-	2,019,785,915,000		-
- Bonds (iii)	50,000,000,000		-	-		-
- Other investments	175,847,811,835		-	-		-
+ <i>Entrusted investments</i>	175,847,811,835		-	-		-
b2) Long-term	409,111,917,447		-	581,997,071,065		(1,893,633,934)
- Long-term deposits (ii)	80,000,000,000		-	185,000,000,000		-
- Bonds (iii)	220,000,000,000		-	170,000,000,000		-
- Investments under business cooperation agreements (iv)	13,304,048,828		-	13,304,048,828		-
- Entrusted investments (v)	89,486,662,556		-	207,371,816,174		(1,893,633,934)
- Other long-term investments	6,321,206,063		-	6,321,206,063		-
c) Investments in other entities	655,445,070,000		(8,081,138,135)	658,140,070,000		(8,106,187,395)
- Investment in subsidiary	60,000,000,000		(5,344,106,698)	60,000,000,000		(6,147,538,926)
+ <i>Vinare Investment Joint Stock Company</i>	60,000,000,000		(5,344,106,698)	60,000,000,000		(6,147,538,926)
- Investment in associate	125,000,000,000		-	125,000,000,000		-
- Investments in other entities (vi)	470,445,070,000		(2,737,031,437)	473,140,070,000		(1,958,648,469)

二、 $2 + 1 = 3$

- (i) Short-term deposits represent deposits with original terms of over 3 months and remaining maturities as at 31 December 2017 of under 12 months at domestic commercial banks, with interest rates from 6.7 % to 10.2% 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 7.0% to 7.4% per annum.
- (iii) Bonds include corporate bonds and Government bonds with the maturities of 01 year to 06 years and interest rates from 7.25% to 9.5% per annum.
- (iv) Investments under business cooperation agreements represent capital contributions for business cooperation and product sharing with Vinare Investment Joint Stock Company ("Vinare Invest") to implement Tincom Plaza project and Paragon Tower project.
- (v) Entrusted 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 accounts.
- (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 31/12/2017	Closing balance	Opening balance
Equity investments in:		VND	VND
Petrolimex Joint Stock Insurance Company	7.03%	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	6.05%	10,139,800,000	10,139,800,000
Global Insurance Joint Stock Company	5.50%	17,600,000,000	17,600,000,000
Phu Hung Insurance Joint Stock Company	1.98%	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	0.00%	-	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	5.14%	275,000,000,000	278,000,000,000
		470,445,070,000	476,140,070,000

At the date of these separate financial statements, the Corporation has assessed and made provision for impairment of equity investments as at 31 December 2017 based on the investees' financial statements for the year ended 31 December 2017. For investees whose financial statements for the year ended 31 December 2017 have not been available yet, the Corporation used the latest financial statements collected for assessment. Information on bonus shares received as at 31 December 2017 of these investees are as follows:

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

Details of the Corporation's subsidiary as at 31 December 2017 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 2017 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 and associate in the year: the Corporation's subsidiary and associate had stable operation under registered operating sectors for the year ended 31 December 2017.
- Significant transactions of the Corporation with its subsidiary and associate in the year are as follows:
 - + Between the Corporation and its subsidiary: there were no significant transactions arising during the year.
 - + Between the Corporation and Samsung Vina Insurance Co., Ltd.: there were 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 at reporting date.
- At the reporting date, the 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	Opening balance
	VND	VND
Receivables from insurance contracts	770,606,426,398	671,608,358,009
- Receivables from inward reinsurance	406,638,207,558	318,381,313,467
- Receivables from outward reinsurance	352,996,526,545	337,470,356,660
- Other receivables from reinsurance activities	10,971,692,295	15,756,687,882
Other trade receivables	324,126,551,319	335,918,361,085
- Accrued gains on investments	97,504,409,209	87,350,808,582
- Other receivables related to swap contracts	226,550,000,000	245,322,000,000
- Other receivables	72,142,110	3,245,552,503
	1,094,732,977,717	1,007,526,719,094

8. PREPAID EXPENSES

	Closing balance	Opening balance
	VND	VND
a) Short-term	187,931,351,792	167,284,562,994
Unallocated commission expenses	185,674,353,313	162,868,724,418
- Opening balance	162,868,724,418	158,476,806,806
- Unallocated commission expenses incurred in the year	387,213,020,038	344,658,275,586
- Commission expenses allocated in the year	364,407,391,143	340,266,357,974
- Closing balance	185,674,353,313	162,868,724,418
Other prepaid expenses	2,256,998,479	4,415,838,576
b) Long-term	1,168,826,614	1,274,232,265
Golf card expenses	1,097,999,722	1,155,018,932
Other long-term prepaid expenses	70,826,892	119,213,333
	189,100,178,406	168,558,795,259

9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
COST	VND	VND	VND	VND	VND
Opening balance	15,170,997,037	2,980,277,071	6,714,092,474	285,540,454	25,150,907,036
Additions	-	-	-	-	-
Closing balance	15,170,997,037	2,980,277,071	6,714,092,474	285,540,454	25,150,907,036
ACCUMULATED DEPRECIATION					
Opening balance	9,856,453,830	2,688,696,259	5,843,091,196	267,153,579	18,655,394,864
Additions	607,376,366	205,821,750	499,577,348	16,972,500	1,329,747,964
Closing balance	10,463,830,196	2,894,518,009	6,342,668,544	284,126,079	19,985,142,828
NET BOOK VALUE					
Closing balance	4,707,166,841	85,759,062	371,423,930	1,414,375	5,165,764,208
Opening balance	5,314,543,207	291,580,812	871,001,278	18,386,875	6,495,512,172

As at 31 December 2017, the historical cost of tangible fixed assets includes VND 7,361,530,620 of fixed assets which have been fully depreciated but are still in use (as at 31 December 2016: VND 3,121,726,830).

10. INCREASE, DECREASE INTANGIBLE ASSETS

The balance of intangible assets as at 31 December 2017 mainly represents cost and accumulated amortization of reinsurance software.

11. INCREASE, DECREASE INVESTMENT PROPERTY

Items	Opening balance	Increase	Closing balance
	VND	VND	VND
Investment properties held to earn rentals			
Cost	34,055,061,893	-	34,055,061,893
- Building (i)	34,055,061,893	-	34,055,061,893
Accumulated depreciation	21,654,461,076	1,417,211,522	23,071,672,598
- Building (i)	21,654,461,076	1,417,211,522	23,071,672,598
Net book value	12,400,600,817	-	10,983,389,295
- Building	12,400,600,817	-	10,983,389,295

- (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 2017 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	693,969,225,780	607,989,414,980
- Payables to inward reinsurance activities	226,225,807,240	229,001,466,355
- Payables to outward reinsurance activities	462,323,685,555	369,980,894,859
- Other payables to reinsurance activities	5,419,732,985	9,007,053,766
Other trade payables	242,337,922,485	257,502,938,458
- Temporary Withholding Tax collection (2% of overseas reinsurance fee)	7,348,701,506	7,359,399,849
- Other payables related to swap contracts	232,719,405,000	247,769,600,000
- Other payables	2,269,815,979	2,373,938,609
	936,307,148,265	865,492,353,438

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	190,385,278	1,465,923,540	1,341,196,110	315,112,708
Corporate income tax	8,481,661,351	51,444,421,276	55,333,972,740	4,592,109,887
Personal income tax	338,528,018	5,739,191,317	5,676,530,674	401,188,661
Business license tax	-	3,000,000	3,000,000	-
Other taxes and charges payable	32,990,912	764,437,553	698,985,783	98,442,682
Total	9,043,565,559	59,416,973,686	63,053,685,307	5,406,853,938

14. OTHER PAYABLES

	Closing balance	Opening balance
	VND	VND
a) Short-term	245,390,863,318	115,383,952,250
Unearned commission income	110,592,257,769	112,089,806,982
- Opening balance	112,089,806,982	104,434,105,144
- Unearned commission income incurred in the year	224,052,197,951	227,498,858,783
- Commission income allocated in the year	225,549,747,164	219,843,156,945
- Closing balance	110,592,257,769	112,089,806,982
Other current payables	134,798,605,549	3,294,145,268
Dividends payable	131,075,937,000	-
Other payables	3,722,668,549	3,294,145,268
b) Long-term	2,327,881,984	3,216,822,676
Long-term deposits	2,327,881,984	3,216,822,676
	247,718,745,302	118,600,774,926

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
I. Normal activities			
1. Claim reserve	1,503,283,775,847	1,056,944,191,156	446,339,584,691
<i>Reserve for losses incurred and reported</i>	<i>1,420,710,176,825</i>	<i>1,003,715,252,848</i>	<i>416,994,923,977</i>
<i>Reserve for losses incurred not yet reported</i>	<i>82,573,599,022</i>	<i>53,228,938,308</i>	<i>29,344,660,714</i>
2. Unearned premium reserve	794,916,072,658	526,110,829,307	268,805,243,351
II. Pilot agricultural insurance activities			
1. Claim reserve	8,877,885,734	8,028,695,528	849,190,206
<i>Reserve for losses incurred and reported</i>	<i>8,877,885,734</i>	<i>8,028,695,528</i>	<i>849,190,206</i>
	2,307,077,734,239	1,591,083,715,991	715,144,828,042

In which:

Claim reserve	Current year		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
I. Normal activities			
Opening balance	1,569,647,935,058	1,174,195,287,768	395,452,647,290
Increase/(Decrease) in the year	(66,364,159,211)	(117,251,096,612)	50,886,937,401
II. Pilot agricultural insurance activities			
Opening balance	13,136,846,340	11,877,324,687	1,259,521,653
Decrease in the year	(4,258,960,606)	(3,848,629,159)	(410,331,447)
Closing balance	1,512,161,661,581	1,064,972,886,684	447,188,774,897

Unearned premium reserve	Current year		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	Net unearned inward premium reinsurance reserve
	VND	VND	VND
I. Normal activities			
Opening balance	789,464,591,202	538,028,932,731	251,435,658,471
Increase in the year	5,451,481,456	(11,918,103,424)	17,369,584,880
Closing balance	794,916,072,658	526,110,829,307	268,805,243,351
Catastrophe reserve		Current year	Prior year
		VND	VND
I. Normal activities			
Opening balance		182,721,648,752	165,875,947,082
Increase in the year		11,840,895,870	16,845,701,670
Use in the year		(13,000,000,000)	-
II. Pilot agricultural insurance activities			
Opening balance		8,876,683,166	8,876,683,166
Increase in the year		-	-
II. Offshore fishing vessel insurance activities			
Opening balance		-	-
Increase in the year		3,405,849,758	-
Closing balance		193,845,077,546	191,598,331,918

In the year, the Corporation used catastrophe reserve for hull insurance transactions as total retained premium of hull insurance transactions in the year, after making unearned premium reserve and IBNR reserve, was not enough for payment of claims toward Corporation's retained responsibilities.

16. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Investment and development fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
<i>For the year ended 31 December 2016</i>						
Opening balance	1,310,759,370,000	566,368,537,309	191,608,471,958	103,484,887,493	389,210,868,590	2,561,432,135,350
Profit for the year	-	-	-	-	223,540,739,600	223,540,739,600
Profit distribution to funds	-	-	4,377,143,293	10,942,858,232	(22,118,004,532)	(6,798,003,007)
Dividends declared	-	-	-	-	(131,075,937,000)	(131,075,937,000)
Closing balance	1,310,759,370,000	566,368,537,309	195,985,615,251	114,427,745,725	459,557,666,658	2,647,098,934,943
<i>For the year ended 31 December 2017</i>						
Opening balance	1,310,759,370,000	566,368,537,309	195,985,615,251	114,427,745,725	459,557,666,658	2,647,098,934,943
Profit for the year	-	-	-	-	233,852,647,190	233,852,647,190
Profit distribution to funds (i)	-	-	4,708,237,473	11,770,593,681	(23,815,642,130)	(7,336,810,976)
Dividends declared (i)	-	-	-	-	(288,367,061,400)	(288,367,061,400)
Closing balance	1,310,759,370,000	566,368,537,309	200,693,852,724	126,198,339,406	381,227,610,318	2,585,247,709,757

- (i) According to Resolution No. 07/2017/NQ-DHDCD dated 26 April 2017 by the Annual Shareholders' General Meeting of Vietnam National Reinsurance Joint Stock Corporation and Board of Management's Decision No. 19/2017/QĐ-HĐQT dated 19 December 2017, the Corporation declared the 2016 dividend payment and the 1st 2017 interim dividend at the rate of 12% and 10% respectively of owner's contributed capital from the retained earnings, which is equivalent to VND 288,367,061,400. Also, the Corporation made interim distribution of VND 23,815,642,130 to the funds from the profit for the year ended 31 December 2017. The final decision on profit distribution will be made in the next Annual Shareholders' General Meeting.

Owners' contributed capital

As at 31 December 2017, the total capital actually contributed by the shareholders and share premium are as follows:

	Contributed capital		
	Closing balance	Proportion	Opening balance
	VND		VND
Owners' contributed capital	1,310,759,370,000	100%	1,310,759,370,000
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
Share premium	566,368,537,309		566,368,537,309
	1,877,127,907,309		1,877,127,907,309

Shares

	Closing balance	Opening balance
Number of shares registered to issue	131,075,937	131,075,937
Number of outstanding shares in circulation	131,075,937	131,075,937
<i>Common shares</i>	<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	1,690,815,992,595	1,686,382,751,821
<i>Energy insurance</i>	<i>6,806,614,772</i>	<i>14,931,056,636</i>
<i>Hull and P&I insurance</i>	<i>277,388,735,520</i>	<i>265,804,396,918</i>
<i>Cargo insurance</i>	<i>133,465,477,927</i>	<i>154,435,626,619</i>
<i>Engineering insurance</i>	<i>226,764,842,477</i>	<i>297,360,530,468</i>
<i>Fire and property insurance</i>	<i>480,456,349,361</i>	<i>506,457,060,971</i>
<i>Aviation insurance</i>	<i>38,517,756,317</i>	<i>34,927,362,280</i>
<i>Other insurance</i>	<i>527,416,216,221</i>	<i>412,466,717,929</i>
Deductions of inward reinsurance premium	(39,344,012,147)	(30,824,981,015)
Increase in unearned premium reserve for inward reinsurance	5,451,481,456	40,026,468,888
	1,646,020,498,992	1,615,531,301,918

18. OUTWARD REINSURANCE PREMIUM

	Current year VND	Prior year VND
Total outward reinsurance premium	1,089,370,035,530	1,105,217,404,169
<i>Energy insurance</i>	4,821,544,817	10,744,569,180
<i>Hull and P&I insurance</i>	198,567,268,013	183,010,393,950
<i>Cargo insurance</i>	30,352,354,227	36,339,439,711
<i>Engineering insurance</i>	87,609,431,526	151,586,092,368
<i>Fire and property insurance</i>	351,618,883,867	370,130,061,978
<i>Aviation insurance</i>	36,797,267,547	33,636,255,823
<i>Other insurance</i>	379,603,285,533	319,770,591,159
Deductions of outward reinsurance premium	(24,791,269,331)	(11,183,022,376)
(Decrease)/Increase in unearned premium reserve for outward reinsurance	(11,918,103,424)	47,846,681,285
	1,076,496,869,623	1,046,187,700,508

19. OTHER INCOME FROM INSURANCE ACTIVITIES

	Current year VND	Prior year VND
Other receipts from inward reinsurance activities	94,195,318,354	84,024,987,360
Claim reserve released	88,991,952,507	84,024,987,360
Other receipts	5,203,365,847	-
Other receipts from outward reinsurance activities	91,960,663,048	91,265,805,286
Claim reserve retained	73,469,922,623	85,832,433,984
Other receipts	18,490,740,425	5,433,371,302
	186,155,981,402	175,290,792,646

20. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	Current year VND	Prior year VND
Claim settlement expenses	915,027,572,983	960,920,990,969
<i>Energy insurance</i>	6,768,176,833	12,143,637,282
<i>Hull and P&I insurance</i>	101,994,299,381	113,643,707,791
<i>Cargo insurance</i>	24,452,817,681	95,440,735,643
<i>Engineering insurance</i>	148,762,545,303	161,994,299,142
<i>Fire and property insurance</i>	319,542,971,660	338,547,336,086
<i>Aviation insurance</i>	7,081,523,250	3,511,910,639
<i>Other insurance</i>	306,425,238,875	235,639,364,386
Claim receipts from ceded policies	667,456,345,229	700,149,869,512
(Decrease) in inward reinsurance claim reserve	(66,364,159,211)	(254,549,864,081)
(Decrease) in outward reinsurance claim reserve	(117,251,096,612)	(266,798,257,259)
	298,458,165,155	273,019,514,635

21. OTHER EXPENSES FROM INSURANCE ACTIVITIES

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Other payments for inward reinsurance activities	113,528,370,362	112,918,557,976
Claim reserved retained	86,454,721,912	100,448,863,791
Other expenses	27,073,648,450	12,469,694,185
Other payments for outward reinsurance activities	84,386,588,296	75,306,856,227
Claim reserved released	79,525,151,139	74,894,920,048
Other expenses	4,861,437,157	411,936,179
	197,914,958,658	188,225,414,203

22. FINANCIAL INCOME

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Interest on time deposits	158,907,673,609	129,881,479,163
Dividends and profits received	28,083,591,872	33,262,899,560
Interest on bonds, commercial bills	14,655,154,796	15,910,106,850
Interest on entrusted investments	33,191,104,956	22,979,708,630
Interest on exchange differences	48,683,794,944	17,028,733,911
Interest on securities trading	5,684,537,395	4,692,241,984
Interest on demand deposits	256,532,648	384,449,138
Others	14,338,450	-
	289,476,728,670	224,139,619,236

23. FINANCIAL EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Loss on exchange differences	48,423,299,800	16,828,543,651
Loss on securities trading	92,819,438	8,478,342,899
Reversal of provision for impairment of investments	(1,989,255,524)	(18,293,355,757)
Others	21,575,570,714	15,989,253,031
	68,102,434,428	23,002,783,824

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24. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Administrative staff and expat expenses	52,268,700,760	46,769,679,564
Office expenses	558,494,564	796,047,537
Depreciation and amortisation expenses	8,474,188,345	9,267,965,861
Taxes, fees and charges	1,137,282,003	2,541,652,726
Provision (reversal)/expense	(18,226,169,611)	10,041,695,659
Out-sourced services	11,994,250,331	10,012,134,564
Expenses for business transactions, seminars and advertisements	4,631,127,048	4,412,842,703
Other administration expenses	4,934,284,434	4,970,356,548
	65,772,157,874	88,812,375,162

25. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Cost of insurance activities	859,621,410,826	818,356,988,482
Labour	52,268,700,760	46,769,679,564
Depreciation and amortisation	8,474,188,345	9,267,965,861
Out-sourced services	11,994,250,331	10,012,134,564
Provision (reversal)/expense	(18,226,169,611)	10,041,695,659
Other monetary expenses	11,261,188,049	12,720,899,514
	925,393,568,700	907,169,363,644

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 the 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 implementing 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 2017, the total positive operating result of VND 3,405,849,758 from fishing vessel insurance activities is allocated to catastrophe reserve during the year.

28. CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
Profit before tax	285,289,787,631	270,726,319,035
Adjustments for taxable profit		
Less: Non-taxable income	(32,692,568,825)	(37,946,474,515)
Add: Non-deductible expenses	4,624,887,574	4,162,471,572
Taxable profit	257,222,106,380	236,942,316,092
Normal tax rate	20%	20%
Current corporate income tax payable	51,444,421,276	47,388,463,218
Deferred corporate tax (income)	(7,280,835)	(202,883,783)

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
Financial assets		
Cash and cash equivalents	168,003,369,951	65,768,521,779
Trade receivables	1,066,999,744,858	961,215,256,053
Short-term investments	2,200,847,811,835	2,038,499,868,925
Long-term investments	876,819,956,010	1,051,284,858,662
Total	4,312,670,882,654	4,116,768,505,419
Financial liabilities		
Trade and other payables	1,060,034,383,759	858,132,953,589
Long-term deposits received	2,327,881,984	3,216,822,676
Total	1,062,362,265,743	861,349,776,265

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

Financial risk management objectives

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

Financial risks include reinsurance risk, market risk (including foreign currency 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.

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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	#####	385,810,382,838
Euro (EUR)	2,523,751,486	4,452,085,435	827,539,173	829,359,140
Great Britain Pound (GBP)	6,037,224	6,273,683	14,242,474	14,273,797
Australian Dollar (AUD)	5,958,591	6,260,679	2,307,521	-
Singapore Dollar (SGD)	7,277,201	38,420,343	149,519,289	19,841,884
Japanese Yen (JPY)	279,819,268	280,835,199	94,363,993	94,571,524

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)	10,469,724,611	19,916,769,663
Euro (EUR)	84,810,616	181,136,315

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 subsidiaries and associates. The Corporation's Board of Management assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in the Corporation's subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

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

Credit risk

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

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any 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 assets 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
Closing balance				
Cash and cash equivalents	168,003,369,951	-	-	168,003,369,951
Trade receivables	1,066,999,744,858	-	-	1,066,999,744,858
Short-term investments	2,200,847,811,835	-	-	2,200,847,811,835
Long-term investments	-	409,111,917,447	467,708,038,563	876,819,956,010
Total	3,435,850,926,644	409,111,917,447	467,708,038,563	4,312,670,882,654
Closing balance				
Trade and other payables	1,060,034,383,759	-	-	1,060,034,383,759
Long-term deposits received	-	2,327,881,984	-	2,327,881,984
Total	1,060,034,383,759	2,327,881,984	-	1,062,362,265,743
Net liquidity gap	2,375,816,542,885	406,784,035,463	467,708,038,563	3,250,308,616,911

	Less than 1 year VND	From 1 - 5 years VND	Over 5 years VND	Total VND
Opening balance				
Cash and cash equivalents	65,768,521,779	-	-	65,768,521,779
Trade receivables	961,215,256,053	-	-	961,215,256,053
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
Total	3,065,483,646,757	580,103,437,131	471,181,421,531	4,116,768,505,419
Opening balance				
Trade and other payables	858,132,953,589	-	-	858,132,953,589
Long-term deposits received	-	3,216,822,676	-	3,216,822,676
Total	858,132,953,589	3,216,822,676	-	861,349,776,265
Net liquidity gap	2,207,350,693,168	576,886,614,455	471,181,421,531	3,255,418,729,154

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 2017.

31. FINANCIAL RATIOS

Items	Unit	Current year	Prior year
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Non-current assets/Total assets	%	17.40	20.55
- Current assets/Total assets	%	82.60	79.45
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	59.05	57.57
- Owners' equity/Total resources	%	40.95	42.43
2. Liquidity			
2.1. Short-term liability liquidity	times	1.40	1.38
2.2. Quick liquidity	times	0.64	0.59

Items	Unit	Current year	Prior year
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	22.20	22.49
- Profit after tax/Revenue ratio	%	18.20	18.57
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	4.52	4.34
- Profit after tax/Total assets ratio	%	3.70	3.58
3.3. Profit after tax/Owners' equity ratio	%	9.05	8.44

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
	2015	2016	2017	
	VND	VND	VND	VND
Accumulated claim reserve amount				
Claim reserve amount accumulated to the current year (1)	243,890,491,082	197,815,813,209	205,288,449,712	646,994,754,003
Accumulated paid claim amount				
As at year end of accident year	34,833,941,435	28,175,082,983	33,243,293,663	96,252,318,081
After 1 year	102,927,202,983	103,028,382,473	-	205,955,585,456
After 2 years	37,855,723,768	-	-	37,855,723,768
Paid claim amount accumulated to the current year (2)	175,616,868,186	131,203,465,456	33,243,293,663	340,063,627,305
Total outstanding claim reserve (3)=(1)-(2)	68,273,622,896	66,612,347,753	172,045,156,049	306,931,126,698
Outstanding claim reserve for previous years' losses				110,063,797,279
Total outstanding claim reserve at the year-end				416,994,923,977


Nguyen Thanh Cong
Preparer


Luu Thi Viet Hoa
Chief Accountant


Pham Cong Tu
General Director

Hanoi, 13 March 2018

