

## NOTES TO THE FINANCIAL STATEMENTS

Quarter III/2017

### I. General information

1. **Structure of ownership:** State Capital Investment Corporation – SCIC: 40.36%, Swiss Re Group: 25%, other shareholders: 34.64%
2. **Operating industry:** Insurance
3. **Lines of business:** Inward and outward reinsurance and financial investment.

### II. Financial year and accounting currency

1. **Financial year:** Begins on 01 January 2017 and ends on 31 December 2017.
2. **Accounting currency:** Vietnam Dong

### III. Accounting standards and system

1. **Accounting system :** Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance guides the accounting applicable to insurance enterprises, Circular No. 200/2014/QD-BTC dated 22 December 2014 of the Ministry of Finance on guidance of accounting system for enterprises.
2. **Statement on compliance with accounting standards and accounting system:**  
The Board of Management ensures that the company's Financial Statements comply with Vietnamese accounting standards and the Vietnamese accounting system applicable to insurance enterprises and other current accounting regulation in Vietnam.
3. **Accounting method:** Receipts recorded to books.
4. **Accounting policies**  
The Board of Management ensures that the interim Financial Statements and the latest Yearly Financial Statements apply the same accounting policies.

### Accounting estimates

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

### Capital contribution in joint ventures

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

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

The capital contribution is recognized at the net amount of the cost and presented on the balance

sheet as an investment in joint venture.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Accounts receivable and 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 of the Ministry of Finance, will be subject to provision for doubtful debts on the following basis:

- No provision is made for accounts receivable (the balance after offsetting) overdue for less than 6 months;
- For accounts receivable (the balance after offsetting) over due from 06 to less than 12 months, the provision is made at the rate of 30%;
- For accounts receivable (the balance after offsetting) over due from 12 to less than 24 months, the provision is made at the rate of 50%;
- For accounts receivable (the balance after offsetting) over due from 24 to less than 36 months, the provision is made at the rate of 70%;
- For accounts receivable (the balance after offsetting) over due from 36 months, the provision is made at the rate of 100%.

### **Provision for severance allowance**

This provision is made according to regulations in Article 48 of the Labour Code No. 10/2012/QH13 dated 18 June 2012 and internal regulations of the Corporation.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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

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

## **Intangible fixed assets and depreciation**

Intangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased intangible 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.

Intangible fixed asset of the Corporation is computer software, and is depreciated using the straight-line method over the estimated useful lives. Duration of depreciation is: 5 years.

## **Investments in securities**

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

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

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

## **Revenue recognition**

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

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

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

Income from office leasing is recognised when incurred.

## **Recognition of equity capital**

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

Capital surplus is the amount of money received from the share issuance in 2007 which is larger than the value of shares issued plus the costs of the issuance.

Retained profit: is the profit retained from business operations (*after allocating to various funds and dividend payment*).

## **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 the actual rate applicable on the payment date. Such exchange differences are recorded in the income statement.

- Liabilities and receivables relating to recognition of revenues 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 22,690 VND/USD, balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,760 VND/USD.
- Liabilities and receivables relating to recognition of revenues 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 22,690 VND/USD, balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,760 VND/USD.
- 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. Exchange differences from revaluation of balances of monetary assets, liabilities, receivables denominated in foreign currencies as at the balance sheet date are not used for dividend payment.

### **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, underwriting reserves of the Corporation in the year are made as follows:

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

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

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

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

Corporation is not allowed to compensate reserves for inward reinsurance activities and outward reinsurance activities. These reserves should be presented under separate items in the balance sheet. Accordingly, unearned premium reserve, 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 that are not taxable or expense that are deductible in calculation of taxable income.

Deferred corporate income tax is recognized for all temporary differences and deferred corporate income tax asset is only recognized when it is certain that there is sufficient profit for calculation of tax in the future to deduct the temporary differences

Calculation of tax duties of Corporation is based on current taxation regulations. However, these regulations change over period of time and the final calculation of corporate income tax depends on the test result of relevant tax authorities.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

| 5. Cash and cash equivalents | 30-09-17               | 1/1/2017              |
|------------------------------|------------------------|-----------------------|
|                              | VND                    | VND                   |
| Cash on hand                 | 929,688,996            | 506,665,065           |
| Bank deposits                | 120,363,056,998        | 65,261,856,714        |
|                              | <b>121,292,745,994</b> | <b>65,768,521,779</b> |

  

| 6. Short-term financial investments                        | 30/09/17                 | 1/1/2017                 |
|------------------------------------------------------------|--------------------------|--------------------------|
|                                                            | VND                      | VND                      |
| Bank deposits under one year                               | 2,192,000,000,000        | 2,019,785,915,000        |
| Stocks (short-term)                                        | 10,000,000,000           | -                        |
| Securities                                                 | -                        | 18,784,526,255           |
| Provision for diminution in value of short-term investment | -                        | (70,572,330)             |
|                                                            | <b>2,202,000,000,000</b> | <b>2,038,499,868,925</b> |

  

| 7. Long-term financial investments       | 30-09-17               | 1/1/2017                 |
|------------------------------------------|------------------------|--------------------------|
|                                          | VND                    | VND                      |
| <b>Investments in subsidiaries (a)</b>   | <b>60,000,000,000</b>  | <b>60,000,000,000</b>    |
| <b>Interests in joint-ventures ( b )</b> | <b>125,000,000,000</b> | <b>125,000,000,000</b>   |
| <b>Other long-term investments</b>       | <b>915,469,249,688</b> | <b>1,045,137,319,736</b> |
| + Equity investment ( c )                | 473,140,070,000        | 473,140,070,000          |
| + Long-term bonds                        | 160,000,000,000        | 170,000,000,000          |

|                                                                 |                                 |                                 |
|-----------------------------------------------------------------|---------------------------------|---------------------------------|
| + Long-term deposits                                            | 65,000,000,000                  | 185,000,000,000                 |
| + Investment in co-operation contract ( d )                     | 13,304,048,828                  | 13,304,048,828                  |
| + Entrusted investment (e)                                      | 206,480,408,261                 | 207,371,816,174                 |
| + Other long-term investments (f)                               | 6,321,206,063                   | 6,321,206,063                   |
| + Provision for diminution in value of long-term investment (g) | (8,776,483,464)                 | (9,999,821,329)                 |
|                                                                 | <b><u>1,100,469,249,688</u></b> | <b><u>1,230,137,319,736</u></b> |

**(a) Investments in subsidiaries:** is the equity investment in VinareInvest with the amount of VND60,000,000,000 as at 30 September 2017, representing a stake of 63.88% in the subsidiary.

**(b) Investment in joint venture:** is the equity investment in Samsung Vina Insurance Company (SVI) with the amount of VND125,000,000,000 as at 30 September 2017 representing a stake of 25% in the joint venture.

| (c) Equity investment            | ownership | 30/09/2017 | 30/09/2017                    | 1/1/2017                      |
|----------------------------------|-----------|------------|-------------------------------|-------------------------------|
|                                  |           | Shares     | VND                           | VND                           |
| Petrolimex Joint Stock Insurance | 8.76%     | 6,237,328  | 59,289,270,000                | 59,289,270,000                |
| PTI Insurance Company            | 4.42%     | 3,556,224  | 38,416,000,000                | 38,416,000,000                |
| Saigon - Halong Hotel            | 6.00%     | 1,109,980  | 10,139,800,000                | 10,139,800,000                |
| Global Insurance Company         | 4.40%     | 1,760,000  | 17,600,000,000                | 17,600,000,000                |
| Phu Hung Insurance Company       | 2.26%     | 800,000    | 8,000,000,000                 | 8,000,000,000                 |
| Agriculture Bank Insurance Joint | 8.42%     | 3,200,000  | 32,000,000,000                | 32,000,000,000                |
| Dai Nam Securities Joint Stock   | 1.68%     | 269,500    | 2,695,000,000                 | 2,695,000,000                 |
| Hung Vuong Insurance Company     | 10.00%    | 3,000,000  | 30,000,000,000                | 30,000,000,000                |
| Tien Phong Commercial Joint S    | 5.41%     | 30,000,000 | 275,000,000,000               | 275,000,000,000               |
|                                  |           |            | <b><u>473,140,070,000</u></b> | <b><u>473,140,070,000</u></b> |

#### Information of bonus shares as at 30/09/2017

| No | Stock name                                           | Stock code | Number of shares |
|----|------------------------------------------------------|------------|------------------|
| 1  | Petrolimex Joint Stock Insurance Company             | PGI        | 353,056          |
| 2  | Post-Telecommunication Joint Stock Insurance Company | PTI        | 381,024          |
| 3  | Tien Phong Commercial Joint Stock Bank               |            | 2,500,000        |
| 4  | Sai Gon – Ha Long Hotel Tourist Joint Stock Company  |            | 96,000           |

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

**(e) Entrusted investment:** are funds entrusted to Vietcombank Fund Management Company, Bao Viet Fund Management Company and SSI Fund Management Company.

**(f) Other long-term investments:** are the investment to purchase certificates of Bao Viet Equity Dynamic Open Ended Fund, Bao Viet Prospect Equity Open Ended Fund and investment from the welfare fund of the Corporation.

**(g) Provisions for impairment of long-term investments:** are the provisions for the impairment in equity investments in VinareInvest, Phu Hung Insurance Company and Dai Nam Securities.

## 8. Technical reserve

### a/ Premium reserve, claim reserve for inward reinsurance

| Criteria                                      | Beginning of quarter     | Increase              | Decrease              | End of quarter           |
|-----------------------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| <b>Normal reinsurance activities</b>          | <b>2,541,834,175,012</b> | <b>15,327,207,393</b> | <b>66,791,272,621</b> | <b>2,490,370,109,784</b> |
| + Inward unearned premium reserve             | 789,464,591,202          | 97,355,942            |                       | 789,561,947,144          |
| + Inward claim reserve                        | 1,569,647,935,058        |                       | 66,791,272,621        | 1,502,856,662,437        |
| + Catastrophe reserve                         | 182,721,648,752          | 15,229,851,451        |                       | 197,951,500,203          |
| <b>Pilot Agriculture insurance activities</b> | <b>22,013,529,506</b>    | <b>-</b>              | <b>4,415,933,039</b>  | <b>17,597,596,467</b>    |
| + Inward unearned premium reserve             | -                        |                       | 132,993,311           | (132,993,311)            |
| + Inward claim reserve                        | 13,136,846,340           |                       | 4,272,259,937         | 8,864,586,403            |
| + Catastrophe reserve                         | 8,876,683,166            |                       | 10,679,791            | 8,866,003,375            |
| <b>TỔNG CỘNG</b>                              | <b>2,563,847,704,518</b> | <b>15,327,207,393</b> | <b>71,207,205,660</b> | <b>2,507,967,706,251</b> |

### b/ Premium reserve, claim reserve for outward reinsurance

| Criteria                                      | Beginning of quarter     | Increase             | Decrease              | End of quarter           |
|-----------------------------------------------|--------------------------|----------------------|-----------------------|--------------------------|
| <b>Normal reinsurance activities</b>          | <b>1,712,224,220,499</b> | <b>9,060,132,783</b> | <b>82,178,003,958</b> | <b>1,639,106,349,324</b> |
| + Retroceded premium reserve                  | 538,028,932,731          | 9,060,132,783        |                       | 547,089,065,514          |
| + Outward claim reserve                       | 1,174,195,287,768        |                      | 82,178,003,958        | 1,092,017,283,810        |
| <b>Pilot Agriculture insurance activities</b> | <b>11,877,324,687</b>    | <b>-</b>             | <b>3,936,182,950</b>  | <b>7,941,141,737</b>     |
| + Retroceded premium reserve                  | -                        |                      | 79,594,355            | (79,594,355)             |
| + Outward claim reserve                       | 11,877,324,687           |                      | 3,856,588,595         | 8,020,736,092            |
| <b>TOTAL</b>                                  | <b>1,724,101,545,186</b> | <b>9,060,132,783</b> | <b>86,114,186,908</b> | <b>1,647,047,491,061</b> |

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

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

## **9. Additional information**

### **a/ Pilot Agricultural insurance activities**

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 agricultural insurance activities will depend on the approval of the Ministry of Finance.

### **b/ Operations of the offshore fishing vessel insurance**

In July 7th 2014, the Government issued Decree No. 67/2014/ND-CP on some fisheries development policies, including regulations on insurance policy for offshore fishing boats. The Corporation undertakes this type of insurance, along with the local insurance companies, to support the market and implement the targets, policies of Government.

On August 20th 2014, the Ministry of Finance has 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 provisions under Circular No. 116/2014/TT-BTC, business results of offshore fishing boat insurance shall be included in the insurer's results. The insurance enterprise shall hold responsibility to separately monitor revenues, expenses, business results of this insurance type. Profit from insurance activities (if any) shall be recorded to catastrophe reserves at the financial year end.

## 10. Equity

|                              | Operating capital        | Share premium          | Investment and development fund | Compulsory reserve fund | Retained earnings      | Total                    |
|------------------------------|--------------------------|------------------------|---------------------------------|-------------------------|------------------------|--------------------------|
| <b>As at 01/01/2016</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 period        |                          |                        |                                 |                         | 223,540,739,600        | <b>223,540,739,600</b>   |
| Profit distribution to funds |                          |                        | 4,377,143,293                   | 10,942,858,232          | (22,118,004,532)       | <b>(6,798,003,007)</b>   |
| Dividends delared            |                          |                        |                                 |                         | (131,075,937,000)      | <b>(131,075,937,000)</b> |
| <b>As at 01/01/2017</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> |
| Profit for the period        |                          |                        |                                 |                         | 194,025,296,297        | 194,025,296,297          |
| Profit distribution to funds |                          |                        | 3,870,987,066                   | 9,677,467,665           | (19,544,192,509)       | (5,995,737,778)          |
| Dividends delared            |                          |                        |                                 |                         | (157,291,124,400)      | (157,291,124,400)        |
| <b>As at 30/09/2017</b>      | <b>1,310,759,370,000</b> | <b>566,368,537,309</b> | <b>199,856,602,317</b>          | <b>124,105,213,390</b>  | <b>476,747,646,046</b> | <b>2,677,837,369,062</b> |

Note: - Dividend payment in 2006 (12%) according to Decision No. 07/2017/NQ-DHDCD dated 26/04/2017 of the General Meeting of Shareholders, the Corporation has made the payment with the amount of VND157,291,124,400.

## 11. Income and business results:

### a/ Consolidated income statements (including pilot agriculture insurance)

| No. | Criteria                                                  | Quarter 3/2017<br>(VND) | Quarter 3/2016<br>(VND) |
|-----|-----------------------------------------------------------|-------------------------|-------------------------|
| 1   | Premium from reinsurance inward                           | 285,776,689,591         | 318,680,330,097         |
| 2   | Income from real estate investments                       | 0                       | 0                       |
| 3   | Net income from financial activities                      | 94,558,169,273          | 65,044,617,806          |
| 4   | Other incomes                                             | 3,698,338,202           | 3,779,064,443           |
| 5   | Total expenses for insurance activities                   | 246,787,396,079         | 287,677,874,623         |
| 6   | Capital value of real estate investments                  | 0                       | 0                       |
| 7   | Expenses for financial activities                         | 22,570,705,869          | 7,288,580,225           |
| 8   | Administration expenses                                   | 21,375,048,422          | 24,710,714,796          |
| 9   | Other expenses                                            | 623,743,691             | 649,900,891             |
| 10  | Profit (Loss) from pilot agriculture insurance activities | (110,165,329)           | (117,436,695)           |
| 11  | Results of offshore fishing boat insurance                | 1,944,433,019           |                         |
| 12  | Accounting profit before tax (12=1+2+3+4-5-6-7-8-9+10-11) | 90,621,704,657          | 67,059,505,116          |
| 13  | Corporate income tax payable                              | 17,291,383,081          | 12,514,312,314          |
| 14  | Deferred corporate income tax                             | 529,498                 | 5,144,216               |
| 15  | Profit after corporation income tax (15=12-13-14)         | 73,329,792,078          | 54,540,048,586          |

### b/ Consolidated income statements (excluding pilot agriculture insurance)

| No. | Criteria                                               | Quarter3/2017<br>(VND) | Quarter 3/2016<br>(VND) |
|-----|--------------------------------------------------------|------------------------|-------------------------|
| 1   | Income from reinsurance business                       | 285,776,689,591        | 318,680,330,097         |
| 2   | Income from real estate investments                    | 0                      | 0                       |
| 3   | Net income from financial activities                   | 94,558,169,273         | 65,044,617,806          |
| 4   | Other incomes                                          | 3,698,338,202          | 3,779,064,443           |
| 5   | Total expense for insurance activities                 | 246,787,396,079        | 287,677,874,623         |
| 6   | Capital value of real estate investments               | 0                      | 0                       |
| 7   | Expenses for financial activities                      | 22,570,705,869         | 7,288,580,225           |
| 8   | Administration expenses                                | 21,375,048,422         | 24,710,714,796          |
| 9   | Other expenses                                         | 623,743,691            | 649,900,891             |
| 10  | Results of offshore fishing boat insurance             | 1,944,433,019          |                         |
| 11  | Accounting profit before tax (11=1+2+3+4-5-6-7-8-9-10) | 90,731,869,986         | 67,176,941,811          |

### c/ Results of pilot agriculture insurance

| No. | Criteria                                                        | Quarter 3/2017<br>(VND) | Quarter 3/2016<br>(VND) |
|-----|-----------------------------------------------------------------|-------------------------|-------------------------|
| 1   | Income from pilot agriculture insurance                         |                         |                         |
| 2   | Deductions                                                      |                         |                         |
| 3   | Net income from pilot agriculture insurance activities ( 3=1-2) | 0                       | 0                       |
| 4   | Direct expenses for pilot agriculture insurance                 | 110,165,329             | 117,436,695             |
| 5   | Gross profit from pilot agriculture insurance ( 5=3-4)          | (110,165,329)           | (117,436,695)           |
| 6   | Administration expenses                                         |                         |                         |
| 7   | Net profit from pilot agriculture insurance (7=5-6) (*)         | (110,165,329)           | (117,436,695)           |

(\*) To handle according to guidance in Circular No 101/2012/TT-BTC dated June 20<sup>th</sup> 2012 of the Ministry of Finance.

**Preparer**

**Chief Accountant**

*18<sup>th</sup> July 2017*  
**Chief Executive Officer**

**Nguyen Thanh Cong**

**Luu Thi Viet Hoa**

**Pham Cong Tu**

## BH - INTERIM BALANCE SHEET

Tại ngày 30 tháng 09 năm 2017

Unit: VND

| Items                                                               | Code<br>s  | Notes         | Closing balance          | Opening balance          |
|---------------------------------------------------------------------|------------|---------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                                       |            |               |                          |                          |
| <b>A- CURRENT ASSETS (100=110+120+130+140+150+190)</b>              | <b>100</b> |               | <b>5,440,994,989,495</b> | <b>4,956,924,695,537</b> |
| <b>I. Cash and cash equivalents</b>                                 | <b>110</b> | <b>III.5</b>  | <b>121,292,745,994</b>   | <b>65,768,521,779</b>    |
| 1. Cash on hand                                                     | 111        |               | 121,292,745,994          | 65,768,521,779           |
| <b>II. Short-term financial investments</b>                         | <b>120</b> | <b>III.6</b>  | <b>2,202,000,000,000</b> | <b>2,038,499,868,925</b> |
| 1. Investment in Securities                                         | 121        |               | -                        | 18,784,526,255           |
| 2. Provisions for impairment of securities                          | 122        |               | -                        | (70,572,330)             |
| 3. Investments hold until due date                                  | 123        |               | 2,202,000,000,000        | 2,019,785,915,000        |
| <b>III. Short-term receivables</b>                                  | <b>130</b> |               | <b>1,303,219,722,820</b> | <b>961,215,256,053</b>   |
| 1. Trade accounts receivable                                        | 131        |               | 1,346,460,431,837        | 1,007,526,719,094        |
| 1.1. Receivables from insurance contracts                           | 131.1      |               | 907,246,693,322          | 671,608,358,009          |
| 1.2. Other receivables                                              | 131.2      |               | 439,213,738,515          | 335,918,361,085          |
| 2. Advances to suppliers                                            | 132        |               | 209,813,801              | -                        |
| 3. Other short-term receivables                                     | 136        |               | 560,355,583              | 195,547,056              |
| 4. Provision for doubtful debts                                     | 137        |               | (44,010,878,401)         | (46,507,010,097)         |
| <b>IV. Inventories</b>                                              | <b>140</b> |               | <b>48,288,631</b>        | <b>53,899,538</b>        |
| 1. Inventories                                                      | 141        |               | 48,288,631               | 53,899,538               |
| <b>V. Other short-term assets</b>                                   | <b>150</b> |               | <b>167,386,740,989</b>   | <b>167,285,604,056</b>   |
| <b>1. Short-term prepaid expenses</b>                               | <b>151</b> |               | <b>167,308,852,074</b>   | <b>167,284,562,994</b>   |
| Unallocated commission expenses                                     | 151.1      |               | 161,673,048,374          | 162,868,724,418          |
| Other short-term prepaid expenses                                   | 151.2      |               | 5,635,803,700            | 4,415,838,576            |
| 2. VAT deductibles                                                  | 152        |               | 77,888,915               | 1,041,062                |
| <b>VI. Reinsurance assets</b>                                       | <b>190</b> | <b>III.8b</b> | <b>1,647,047,491,061</b> | <b>1,724,101,545,186</b> |
| 1. Retroceded premium reserve                                       | 191        |               | 547,009,471,159          | 538,028,932,731          |
| 2. Outward claim reserve                                            | 192        |               | 1,100,038,019,902        | 1,186,072,612,455        |
| <b>B. FIXED ASSETS (200=210+220+230+240+250+260)</b>                | <b>200</b> |               | <b>1,145,181,183,464</b> | <b>1,282,358,374,919</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>9,655,286,076</b>     | <b>16,033,364,231</b>    |
| 1. Tangible fixed assets                                            | 221        |               | 5,474,805,969            | 6,495,512,172            |
| - Cost                                                              | 222        |               | 25,150,907,036           | 25,150,907,036           |
| - Accumulated depreciation                                          | 223        |               | (19,676,101,067)         | (18,655,394,864)         |
| 2. Intangible fixed assets                                          | 227        |               | 4,180,480,107            | 9,537,852,059            |
| - Cost                                                              | 228        |               | 32,392,480,734           | 32,392,480,734           |
| - Accumulated amortisation                                          | 229        |               | (28,212,000,627)         | (22,854,628,675)         |
| <b>III. Investment in real estates</b>                              | <b>230</b> |               | <b>11,337,692,176</b>    | <b>12,400,600,817</b>    |
| - Cost                                                              | 231        |               | 34,055,061,893           | 34,055,061,893           |
| - Accumulated depreciation                                          | 232        |               | (22,717,369,717)         | (21,654,461,076)         |
| <b>IV. Long-term assets in progress</b>                             | <b>240</b> |               | <b>98,935,878</b>        | <b>98,935,878</b>        |
| 1. Construction in progress                                         | 242        |               | 98,935,878               | 98,935,878               |
| <b>IV. Long-term financial investments</b>                          | <b>250</b> | <b>III.7</b>  | <b>1,100,469,249,688</b> | <b>1,230,137,319,736</b> |
| 1. Investment in subsidiaries                                       | 251        |               | 60,000,000,000           | 60,000,000,000           |
| 2. Investment in joint ventures                                     | 252        |               | 125,000,000,000          | 125,000,000,000          |
| 3. Other long-term investments                                      | 253        |               | 473,140,070,000          | 473,140,070,000          |
| 4. Provision for diminution in value of long-term financial investm | 254        |               | (8,776,483,464)          | (9,999,821,329)          |
| 5. Investment hold until due date                                   | 255        |               | 451,105,663,152          | 581,997,071,065          |
| <b>V. Other long-term assets</b>                                    | <b>260</b> |               | <b>1,620,019,646</b>     | <b>1,688,154,257</b>     |
| 1. Long-term prepayments                                            | 261        |               | 1,200,788,027            | 1,274,232,265            |
| 2. Deferred tax assets                                              | 262        |               | 419,231,619              | 413,921,992              |
| <b>TOTAL ASSETS (270=100+200)</b>                                   | <b>270</b> |               | <b>6,586,176,172,959</b> | <b>6,239,283,070,456</b> |

| RESOURCES                                              | Code<br>s  | Notes         | Closing balance          | Opening balance          |
|--------------------------------------------------------|------------|---------------|--------------------------|--------------------------|
| <b>A. LIABILITIES (300=310+330)</b>                    | <b>300</b> |               | <b>3,908,338,803,897</b> | <b>3,592,184,135,513</b> |
| <b>I. Current liabilities</b>                          | <b>310</b> |               | <b>3,903,025,823,125</b> | <b>3,586,897,702,877</b> |
| 1. Trade accounts payable                              | 311        |               | 1,220,564,833,446        | 865,492,353,438          |
| 1.1. Payables to insurance contracts                   | 311.1      |               | 874,760,250,834          | 607,989,414,980          |
| 1.2. Other trade accounts payable                      | 311.2      |               | 345,804,582,612          | 257,502,938,458          |
| 2. Advances from customers                             | 312        |               | 592,431,559              | 2,014,397,619            |
| 3. Taxes and amounts payable to the State budget       | 313        |               | 17,853,815,798           | 9,043,565,559            |
| 4. Payables to employees                               | 314        |               | 22,683,348,702           | 15,923,297,270           |
| 5. Other current payables                              | 319        |               | 3,335,863,594            | 3,294,145,268            |
| 6. Unearned commissions                                | 319.1      |               | 113,221,773,521          | 112,089,806,982          |
| 7. Provision for short-term payables                   | 321        |               | 470,891,504              |                          |
| 8. Bonus and welfare funds                             | 322        |               | 16,335,158,750           | 15,192,432,223           |
| 9. Underwriting reserves                               | 329        | <b>III.8a</b> | 2,507,967,706,251        | 2,563,847,704,518        |
| 9.1. Premium reserve                                   | 329.1      |               | 789,428,953,833          | 789,464,591,202          |
| 9.2. Claim reserve                                     | 329.2      |               | 1,511,721,248,840        | 1,582,784,781,398        |
| 9.3. Catastrophe reserve                               | 329.3      |               | 206,817,503,578          | 191,598,331,918          |
| <b>II. Long-term liabilities</b>                       | <b>330</b> |               | <b>5,312,980,772</b>     | <b>5,286,432,636</b>     |
| 1. Other long-term liabilities                         | 337        |               | 3,216,822,676            | 3,216,822,676            |
| 2. Provision for long-term liabilities                 | 342        |               | 2,096,158,096            | 2,069,609,960            |
| <b>B.EQUITY (400=400)</b>                              | <b>400</b> | <b>III.9</b>  | <b>2,677,837,369,062</b> | <b>2,647,098,934,943</b> |
| <b>I. Owners' equity</b>                               | <b>410</b> |               | <b>2,677,837,369,062</b> | <b>2,647,098,934,943</b> |
| 1. Owners' contributed capital                         | 411        |               | 1,310,759,370,000        | 1,310,759,370,000        |
| Ordinary shares carrying voting rights                 | 411b       |               | 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 funds                    | 418        |               | 199,856,602,317          | 195,985,615,251          |
| 4. Compulsory reserve fund                             | 419        |               | 124,105,213,390          | 114,427,745,725          |
| 5. Retained earnings                                   | 421        |               | 476,747,646,046          | 459,557,666,658          |
| - Retained earnings accumulated to the previous period | 421a       |               | 302,266,542,258          | 258,134,931,590          |
| - Retained earnings of this period                     | 421b       |               | 174,481,103,788          | 201,422,735,068          |
| <b>TOTAL RESOURCES (440=300+400)</b>                   | <b>440</b> |               | <b>6,586,176,172,959</b> | <b>6,239,283,070,456</b> |

Note: Form B01- DNPNT was an attachment of Circular 155/2015/TT-BTC dated 06/10/2015 of the Ministry of Finance amending and supplementing in compliance with regulations in Circular 200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance on guiding Corporate Accounting Scheme.

Ha Noi, 18 October 2017

Preparer

Chief Accountant

Chief Executive Officer

Nguyễn Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

**BH - SEPARATE INCOME STATEMENT**

From 01/01/2017 to 30/09/2017

Unit: VND

| ITEMS                                                                            | Code<br>s | Quarter 3               |                         | From 01/01/2017 to 30/09/2017 |                          |
|----------------------------------------------------------------------------------|-----------|-------------------------|-------------------------|-------------------------------|--------------------------|
|                                                                                  |           | 2017                    | 2016                    | 2017                          | 2016                     |
| <b>1. Premium revenue (01=01.1+01.2-01.3)</b>                                    | <b>01</b> | <b>396,963,186,792</b>  | <b>430,496,717,283</b>  | <b>1,232,750,139,659</b>      | <b>1,269,630,160,474</b> |
| In which:                                                                        |           |                         |                         |                               |                          |
| - Phí bảo hiểm gốc                                                               | 01.1      |                         |                         |                               |                          |
| - Gross written premium                                                          | 01.2      | 383,437,611,581         | 468,715,048,023         | 1,232,847,495,601             | 1,355,903,461,990        |
| - Increase (decrease) in inward unearned premium reserve                         | 01.3      | (13,525,575,211)        | 38,218,330,740          | 97,355,942                    | 86,273,301,516           |
| <b>2. Retroceded premium (02=02.1-02.2)</b>                                      | <b>02</b> | <b>268,158,275,566</b>  | <b>291,609,021,078</b>  | <b>826,831,902,392</b>        | <b>828,337,552,837</b>   |
| In which:                                                                        |           |                         |                         |                               |                          |
| - Gross retroceded premium                                                       | 02.1      | 264,411,398,394         | 333,232,169,310         | 835,892,035,175               | 907,763,258,352          |
| - Increase (decrease) in retroceded premium reserve                              | 02.2      | (3,746,877,172)         | 41,623,148,232          | 9,060,132,783                 | 79,425,705,515           |
| <b>3. Net premium income (03=01-02)</b>                                          | <b>03</b> | <b>128,804,911,226</b>  | <b>138,887,696,205</b>  | <b>405,918,237,267</b>        | <b>441,292,607,637</b>   |
| <b>4. Commission and other income from reinsurance activities (04=04.1+04.2)</b> | <b>04</b> | <b>156,971,778,365</b>  | <b>179,792,633,892</b>  | <b>374,382,173,133</b>        | <b>383,216,489,204</b>   |
| In which:                                                                        |           |                         |                         |                               |                          |
| - Commission from reinsurance outward                                            | 04.1      | 52,389,910,782          | 56,270,920,572          | 171,537,839,364               | 173,995,186,440          |
| - Other receipts from insurance business                                         | 04.2      | 104,581,867,583         | 123,521,713,320         | 202,844,333,769               | 209,221,302,764          |
| <b>5. Net income from insurance business (10=03+04)</b>                          | <b>10</b> | <b>285,776,689,591</b>  | <b>318,680,330,097</b>  | <b>780,300,410,400</b>        | <b>824,509,096,841</b>   |
| <b>6. Payment for inward reinsurance claims (11=11.1-11.2)</b>                   | <b>11</b> | <b>215,320,368,362</b>  | <b>189,811,346,601</b>  | <b>698,290,362,090</b>        | <b>825,962,536,639</b>   |
| In which:                                                                        |           |                         |                         |                               |                          |
| - Total claims paid                                                              | 11.1      | 215,320,368,362         | 189,811,346,601         | 698,290,362,090               | 825,962,536,639          |
| <b>7. Recoverables from outward reinsurance</b>                                  | <b>12</b> | <b>165,841,520,605</b>  | <b>144,787,133,203</b>  | <b>520,694,948,879</b>        | <b>612,271,281,982</b>   |
| <b>8. Increase (decrease) in inward claim reserve</b>                            | <b>13</b> | <b>(38,312,608,661)</b> | <b>(60,574,086,403)</b> | <b>(66,791,272,621)</b>       | <b>(185,619,502,652)</b> |
| <b>9. Increase (decrease) in outward claim reserve</b>                           | <b>14</b> | <b>(48,186,121,776)</b> | <b>(93,035,825,188)</b> | <b>(82,178,003,958)</b>       | <b>(198,578,615,974)</b> |
| <b>10. Total claims incurred (15=11-12+13-14)</b>                                | <b>15</b> | <b>59,352,360,872</b>   | <b>77,485,952,183</b>   | <b>192,982,144,548</b>        | <b>226,650,367,979</b>   |
| <b>11. Increase (decrease) in catastrophe reserve</b>                            | <b>16</b> | <b>3,570,786,397</b>    | <b>4,064,486,363</b>    | <b>11,908,663,811</b>         | <b>13,444,206,110</b>    |
| <b>12. Other expenses for insurance business (17=17.1+17.2)</b>                  | <b>17</b> | <b>183,864,248,810</b>  | <b>206,127,436,077</b>  | <b>465,952,347,975</b>        | <b>479,486,880,280</b>   |
| In which:                                                                        |           |                         |                         |                               |                          |
| - Commission                                                                     | 17.1      | 78,595,329,341          | 85,830,493,383          | 255,341,605,601               | 265,927,337,453          |
| - Other expenses for insurance business                                          | 17.2      | 105,268,919,469         | 120,296,942,694         | 210,610,742,374               | 213,559,542,827          |
| <b>13. Total costs for insurance business (18=15+16+17)</b>                      | <b>18</b> | <b>246,787,396,079</b>  | <b>287,677,874,623</b>  | <b>670,843,156,334</b>        | <b>719,581,454,369</b>   |
| <b>14. Gross profit from insurance business ( 19=10-18)</b>                      | <b>19</b> | <b>38,989,293,512</b>   | <b>31,002,455,474</b>   | <b>109,457,254,066</b>        | <b>104,927,642,472</b>   |
| <b>18. Revenue from financial activities</b>                                     | <b>23</b> | <b>94,558,169,273</b>   | <b>65,044,617,806</b>   | <b>226,118,206,225</b>        | <b>163,190,711,656</b>   |
| <b>19. Expenses for financial activities</b>                                     | <b>24</b> | <b>22,570,705,869</b>   | <b>7,288,580,225</b>    | <b>45,419,138,405</b>         | <b>14,741,057,819</b>    |

|                                                                |             |                       |                       |                        |                        |
|----------------------------------------------------------------|-------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>20. Gross profit from financial activities (25=23-24)</b>   | <b>25</b>   | <b>71,987,463,404</b> | <b>57,756,037,581</b> | <b>180,699,067,820</b> | <b>148,449,653,837</b> |
| <b>21. Management expenses</b>                                 | <b>26</b>   | <b>21,375,048,422</b> | <b>24,710,714,796</b> | <b>61,229,105,672</b>  | <b>62,884,546,515</b>  |
| <b>22. Net profit from insurance business (30=19+22+25-26)</b> | <b>30</b>   | <b>89,601,708,494</b> | <b>64,047,778,259</b> | <b>228,927,216,214</b> | <b>190,492,749,794</b> |
| 23. Income from other activities                               | 31          | 3,698,338,202         | 3,779,064,443         | 11,230,893,555         | 11,286,087,403         |
| 24. Expenses for other activities                              | 32          | 623,743,691           | 649,900,891           | 1,887,623,533          | 2,082,028,818          |
| <b>25. Profit from other activities (40=31-32)</b>             | <b>40</b>   | <b>3,074,594,511</b>  | <b>3,129,163,552</b>  | <b>9,343,270,022</b>   | <b>9,204,058,585</b>   |
| <b>27. Loss from Agriculture insurance pilot program</b>       | <b>40.1</b> | <b>(110,165,329)</b>  | <b>(117,436,695)</b>  | <b>(110,165,329)</b>   | <b>(117,436,695)</b>   |
| <b>28. Profit from Offshore fishing boat insurance (*)</b>     | <b>41</b>   | <b>1,944,433,019</b>  |                       | <b>3,321,187,640</b>   | -                      |
| <b>29. Accounting profit before tax (50=30+40+40.1+40.2)</b>   | <b>50</b>   | <b>90,621,704,657</b> | <b>67,059,505,116</b> | <b>234,839,133,267</b> | <b>199,579,371,684</b> |
| 30. Corporate income tax payable                               | 51          | 17,291,383,081        | 12,514,312,314        | 40,819,146,597         | 34,906,801,867         |
| 31. Deferred corporate income tax                              | 52          | 529,498               | 5,144,216             | (5,309,627)            | (197,463,633)          |
| <b>32. Profit after tax (60=50-51-52)</b>                      | <b>60</b>   | <b>73,329,792,078</b> | <b>54,540,048,586</b> | <b>194,025,296,297</b> | <b>164,870,033,450</b> |

**Ghi chú:** (\*) Kết quả chênh lệch dương của loại hình bảo hiểm tàu cá được kết chuyển vào quỹ dự phòng dao động lớn theo qui định.

Ha Noi, 18 October 2017

**Preparer**

**Chief Accountant**

**Chief Executive Officer**

**Nguyen Thanh Cong**

**Luu Thi Viet Hoa**

**Pham Cong Tu**

FINANCIAL STATEMENTS

Quarter 3/2017

CASHFLOW STATEMENT

(Direct method)

From 01/01/2017 to 30/09/2017

Unit: VND

| ITEMS                                                                     | Codes | Notes |                   |                     |
|---------------------------------------------------------------------------|-------|-------|-------------------|---------------------|
|                                                                           |       |       | Quarter III/2017  | Quarter III/2016    |
| I. Cash flows from operating activities                                   |       |       |                   |                     |
| 1. Receipts from inward and outward reinsurance activities                | 01    |       | 426,038,875,177   | 400,536,073,846     |
| 2. Payments for inward and outward reinsurance activities                 | 02    |       | (276,520,096,911) | (288,874,085,103)   |
| 3. Payments to employees                                                  | 03    |       | (27,174,509,861)  | (27,330,821,777)    |
| 4. Payments for corporate income tax                                      | 05    |       | (32,009,424,867)  | (30,080,453,830)    |
| 5. Receipts from other activities                                         | 06    |       | 4,176,436,853     | 730,642,061         |
| 6. Payments for other activities                                          | 07    |       | (29,148,191,335)  | (17,727,895,767)    |
| Net cash generated by operating activities                                | 20    |       | 65,363,089,056    | 37,253,459,430      |
| II. Cash flows from investing activities                                  |       |       |                   |                     |
| 1.Acquisition and construction of fixed assets and other long term assets | 21    |       | -                 | (80,875,000)        |
| 3.Cash outflow for lending, buying debt instruments of other entities     | 23    |       | (671,000,000,000) | (1,160,435,568,611) |
| 4.Cash received from lending, selling debt instrument of other entities   | 24    |       | 656,663,047,984   | 1,134,616,339,543   |
| 5.Investment in other entities                                            | 25    |       | -                 | (4,139,800,000)     |
| 7. Interest earned, dividends and profits received                        | 27    |       | 160,788,529,868   | 179,576,276,231     |
| Net cash (used in) investing activities                                   | 30    |       | 146,451,577,852   | 149,536,372,163     |
| III. Cash flows from financing activities                                 |       |       |                   |                     |
| 6. Dividends and profits paid                                             | 36    |       | (157,291,124,400) | (194,232,354,525)   |
| Net cash (used in) financing activities                                   | 40    |       | (157,291,124,400) | (194,232,354,525)   |
| Net (decrease) in cash (50 = 20+30+40)                                    | 50    |       | 54,523,542,508    | (7,442,522,932)     |
| Cash and cash equivalents at the beginning of the quarter                 | 60    |       | 65,768,521,779    | 213,533,009,642     |
| Effects of changes in foreign exchange rates                              | 61    |       | 1,000,681,707     | (668,927,774)       |
| Cash and cash equivalents at the end of the quarter (70 = 50+60+61)       | 70    |       | 121,292,745,994   | 205,421,558,936     |

Ha Noi, 18 October 2017

Preparer

Chief Accountant

Chief Executive Officer

Nguyen Nang Khoan

Luu Thi Viet Hoa

Pham Cong Tu