

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Quarter IV/2014**

#### **I. General information**

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

#### **II. Financial year and accounting currency**

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

#### **III. Accounting standards and system**

- 1. Accounting system:** Vietnamese accounting system applicable to insurance enterprises.
- 2. Statement on compliance with accounting standards and accounting system:**  
The Board of Directors ensures that the company's Financial Statements comply with Vietnamese accounting standards and the Vietnamese accounting system applicable to insurance enterprises and other current accounting regulation in Vietnam.
- 3. Accounting method:** Receipts recorded to books.
- 4. Accounting policies**  
The Board of Directors ensures that the interim Financial Statements and the latest Yearly Financial Statements apply the same accounting policies.

#### **Accounting estimates**

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

#### **Capital contribution in joint ventures**

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

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

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

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

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

#### **Provision for doubtful debts**

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

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

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

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

### **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 after allocating to various funds and dividend payment.

### **Foreign currencies**

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

On 24 October 2012 the Ministry of Finance issued Circular 179/2012/TT-BTC to replace Circular 201/2009/TT-BTC dated 15 October 2012 providing guidance on recognition, assessment and handling of foreign exchange difference with effect from 10 December 2012 and applicable for financial year 2012. Accordingly, recognition of foreign exchange difference is conducted in the following manner:

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

Payables and receivables relating to revenues and costs accounting for the quarter; sums, payables and receivables denominated in USD not relating to revenues and costs accounting at the end of the accounting period are translated using the buying rate of Vietcombank as at 30/12/2014 of USD/VND 21,380. Foreign currencies other than USD are translated into VND using the buying rate of Vietcombank as at 30/12/2014. The differences resulting from such translations are recorded in the income statement.

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

### **Technical reserves**

On 19 April 2012, the Ministry of Finance issued Official Letter No. 5297/BTC-QLBH on the registration of the method to make reserves for insurance transactions of the Corporation since 2012. Accordingly, technical reserves of the Corporation in 2012 were made as follows:

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

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

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

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

Corporation is not allowed to compensate reserves for inward reinsurance activities and outward reinsurance activities. These reserves need to be presented separately on the balance sheet. Accordingly, unearned premium reserve and claim reserve for inward reinsurance, catastrophe reserve are presented as liabilities; unearned premium reserve and claim reserve for outward reinsurance are presented as reinsurance assets.

### **Taxation**

Calculation of tax duties is based on current taxation regulation.

According to Circular 134/2008/TT-BTC dated 31/12/2008 of the Ministry of Finance providing guidance of tax duties of overseas organisations and individuals having business operation in Vietnam or revenue from Vietnam, overseas retroceded premiums are subject to contractors' tax (corporate income tax) at the rate of 2%. Insurance

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

Based on the conclusion of the Ministry of Finance Inspection on contractors' tax duties of VINARE in the period 2009-2011 and the first six months of 2012, in September 2012 the Company completed the contractors' tax declaration and paid contractors' tax for the overseas reinsurers who are not residents in countries and territories which have signed Double Taxation Avoidance Agreements with Vietnam with the amount of VND104,417,170. For contractor's tax in 2012, the Company makes declaration and payment according to Circular 28/2011/TT-BTC dated 28 February 2011 and Circular 60/2012/TT-BTC dated 12 April 2012 of the Ministry of Finance.

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

<b>5. Cash and cash equivalents</b>	<b>12/31/2014</b>	<b>1/1/2014</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	748,920,599	359,128,050
Bank deposits	144,860,260,894	40,464,380,039
Cash equivalents	756,660,000,000	721,393,806,420
	<b>902,269,181,493</b>	<b>762,217,314,509</b>
<b>6. Short-term financial investments</b>	<b>12/31/2014</b>	<b>1/1/2014</b>
	<b>VND</b>	<b>VND</b>
Bank deposits under one year	1,044,000,000,000	1,116,285,570,363
Short-term bonds	50,000,000,000	30,000,000,000
Stocks (short-term)	27,596,680,275	11,949,531,826
Provision for diminution in value of short-term investment	(670,677,075)	(7,396,869,626)
	<b>1,120,926,003,200</b>	<b>1,150,838,232,563</b>
<b>7. Long-term financial investments</b>	<b>12/31/2014</b>	<b>1/1/2014</b>
	<b>VND</b>	<b>VND</b>
<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>250,046,999,999</b>
<b>Other long-term investments</b>	<b>813,214,829,106</b>	<b>703,406,381,741</b>
+ Equity investment ( c )	469,000,270,000	469,000,270,000
+ Long-term bonds	90,000,000,000	140,000,000,000
+ Long-term deposits	168,000,000,000	123,000,000,000
+ Investment co-operation contract ( d )	13,304,048,828	7,134,674,895
+ Entrusted investment (e)	117,908,792,658	50,000,000,000
+ Other long-term investments (f)	5,821,206,063	5,821,206,063
+ Provision for diminution in value of long-term investment	(50,819,488,443)	(91,549,769,217)
	<b>998,214,829,106</b>	<b>1,013,453,381,740</b>

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

(b) *Investment in joint venture*: is the equity investment in Samsung Vina Insurance Company (SVI) with the original amount of VND250,046,999,999 representing a stake of 50% in SVI. VINARE's BOM had a resolution on the sale of 25% out of 50% stake of VINARE in SVI for SFMI. On 17 January 2014, the Ministry of Finance issued revised business license No 70/GF/KDBH to SVI, current equity ownership of Corporation in SVI is 25%. Finalizing the transaction is being completed by the two parties. VINARE's capital contribution in joint-venture as at 31/12/2014 is VND125,000,000,000 representing 25% stake in joint-venture.

(c) Equity investment	Ownership	12/31/2014	12/31/2014	12/31/2013
		Shares	VND	VND
Petrolimex Joint Stock Insurance	8.76%	6,237,328	59,289,270,000	59,289,270,000
PTI Insurance Company	7.06%	3,556,224	38,416,000,000	38,416,000,000
Saigon - Halong Hotel	6.00%	600,000	6,000,000,000	6,000,000,000
Global Insurance Company	4.40%	1,760,000	17,600,000,000	17,600,000,000
Phu Hung Insurance Company	2.65%	800,000	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Join	8.42%	3,200,000	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock C	3.59%	269,500	2,695,000,000	2,695,000,000
Hung Vuong Insurance Compan	10.00%	3,000,000	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint St	5.41%	30,000,000	275,000,000,000	275,000,000,000
			<b>469,000,270,000</b>	<b>469,000,270,000</b>

#### Information of bonus shares as at 31/12/2014

NO	Stock name	Stock code	Number of shares
1	Petrolimex Joint Stock Insurance Company	PGI	353,056
2	Post-Telecommunication Joint Stock Insurance Comp	PTI	381,024
3	Tien Phong Commercial Joint Stock Bank		2,500,000
4	Joint Stock Commercial Bank for Foreign Trade of Vi	BIC	12,905

(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 MB Fund Management Joint Stock Company.

(f) **Other long-term investments:** are the investment to purchase certificates of Bao Viet Equity Dynamic Open Ended Fund and investment from the welfare fund of 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>2,263,320,602,157</b>	<b>139,872,570,340</b>	<b>-</b>	<b>2,403,193,172,497</b>
+ Inward unearned premium reserve	657,852,676,954	38,785,136,609		696,637,813,563
+ Inward claim reserve	1,474,748,410,833	84,334,319,791		1,559,082,730,624
+ Catastrophe reserve	130,719,514,370	16,753,113,940		147,472,628,310
<b>Pilot Agriculture insurance activities</b>	<b>220,448,156,085</b>	<b>4,454,983,948</b>	<b>154,983,791,243</b>	<b>69,919,348,790</b>
+ Inward unearned premium reserve	62,191,115,956		22,039,829,036	40,151,286,920
+ Inward claim reserve	156,251,855,123		132,943,962,207	23,307,892,916
+ Catastrophe reserve	2,005,185,006	4,454,983,948		6,460,168,954
<b>TOTAL</b>	<b>2,483,768,758,242</b>	<b>144,327,554,288</b>	<b>154,983,791,243</b>	<b>2,473,112,521,287</b>

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

Criteria	Beginning of quarter	Increase	Decrease	End of quarter
<b>Normal reinsurance activities</b>	<b>1,595,214,353,102</b>	<b>42,269,422,302</b>	<b>-</b>	<b>1,637,483,775,404</b>
+ Retroceded premium reserv	445,525,504,393	18,435,414,641		463,960,919,034
+ Outward claim reserve	1,149,688,848,709	23,834,007,661		1,173,522,856,370
<b>Pilot Agriculture insurance activities</b>	<b>199,262,127,947</b>	<b>-</b>	<b>140,927,870,514</b>	<b>58,334,257,433</b>
+ Retroceded premium reserv	56,326,281,242		19,331,625,610	36,994,655,632
+ Outward claim reserve	142,935,846,705		121,596,244,904	21,339,601,801
<b>TOTAL</b>	<b>1,794,476,481,049</b>	<b>42,269,422,302</b>	<b>140,927,870,514</b>	<b>1,695,818,032,837</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

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

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

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

Currently, Corporation is coordinating with relating parties to finalize accounting for the pilot time from 2011 to 2013. In Quarter 4 of 2014, Net loss from Pilot agriculture insurance was: VND2,379,249,804. Accumulated net profit from pilot agriculture insurance from 01/01/2014 to 31/12/2014 of VND3,823,657,690 has been accounted in the Catastrophe reserve fund according to regulation.

- Following Resolution No 09/2014/NQ-DHDCD dated 24 April 2014 of the Annual General Meeting of Shareholders, in Quarter II 2014, Corporation has issued bonus shares to increase charter capital, new Charter capital is VND1,310,759,550,000. According to regulations, Corporation will only recognized the change in Charter capital after receiving license on revision of Charter capital from the Ministry of Finance.
- In Quarter 4 in 2014, Corporation has worked with Hanoi Taxation Department on tax inspection from 2009 to 2013. The additional corporate income tax payable according to inspection report is VND4,232,542,140.

Contents	2014		2013	
	Quarter 4	Accumulation as at end of quarter	Quarter 4	Accumulation as at end of quarter
<b>Total accounting profit</b>	<b>62,431,041,561</b>	<b>446,351,702,627</b>	<b>129,865,130,630</b>	<b>379,523,881,878</b>
<i>Nontaxable profit</i>	<i>(16,642,505,443)</i>	<i>(92,615,520,141)</i>	<i>(82,960,111,502)</i>	<i>(102,143,744,929)</i>
<b>Corporate income tax payable</b>	<b>10,073,477,946</b>	<b>77,821,960,147</b>	<b>11,726,254,782</b>	<b>69,345,034,237</b>
<b>Additional corporate income tax payable according to tax inspection report</b>	<b>4,232,542,140</b>	<b>4,232,542,140</b>		
<b>Deferred corporate income tax</b>	<b>48,386</b>	<b>43,376,500</b>	<b>(14,460,942)</b>	<b>(38,011,470)</b>

	Operating capital	Share premium	Investment and Development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
<b>As at 01/01/2013</b>	<b>1,008,276,580,000</b>	<b>768,023,850,642</b>	<b>23,923,337,154</b>	<b>119,616,685,767</b>	<b>59,808,342,885</b>	<b>249,036,378,347</b>	<b>2,228,685,174,795</b>
Profit for the period						310,216,859,111	310,216,859,111
Profit distribution to funds			6,119,566,239	30,597,831,193	15,298,915,596	(59,632,603,097)	(7,616,290,069)
Dividends declared						(181,489,784,400)	(181,489,784,400)
Other increase/(decrease)							-
<b>As at 31/12/2013</b>	<b>1,008,276,580,000</b>	<b>768,023,850,642</b>	<b>30,042,903,393</b>	<b>150,214,516,960</b>	<b>75,107,258,481</b>	<b>318,130,849,961</b>	<b>2,349,795,959,437</b>
Profit for the period						364,253,823,840	364,253,823,840
Profit distribution to funds			7,248,202,165	-	18,120,505,413	(34,160,160,383)	(8,791,452,805)
Dividends declared (*)						(100,827,658,000)	(100,827,658,000)
Increase in Charter capital (**)	302,482,790,000	(201,655,313,333)				(100,827,476,667)	-
<b>As at 31/12/2014</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>37,291,105,558</b>	<b>150,214,516,960</b>	<b>93,227,763,894</b>	<b>446,569,378,751</b>	<b>2,604,430,672,472</b>

(\*) According to Resolution No 09/2014/NQ-DHDCD dated 24th April 2014 of VINARE, the Board of Management declared the second dividend payment at the rate of 10%.

(\*\*) Increase Charter capital according to Resolution No 09/2014/NQ-DHDCD dated 24th April 2014 of AGM and Revised license No 28/GPĐC4/KDBH dated August 12th 2014 of the Ministry of Finance.



# 10. Income and business results:

## a/ Income statement (including pilot agriculture insurance)

NO	Criteria	Quarter 4/2014 (VND)	Quarter 4/2013 (VND)
1	Premium from reinsurance inward	222,898,603,100	181,902,810,287
2	Income from real estate investments		0
3	Net income from financial activities	45,502,092,225	131,707,209,201
4	Other incomes	18,608,030,084	3,700,837,517
5	Total expenses for insurance activities	187,784,573,126	146,225,458,036
6	Capital value of real estate investments		0
7	Expenses for financial activities	(3,648,646,659)	8,843,933,008
8	Administration expenses	32,646,196,296	30,667,411,904
9	Other expenses	5,416,311,281	1,858,769,961
10	Profit (Loss) from pilot agriculture insurance activities	(2,379,249,804)	149,846,534
11	Accounting profit before tax (11=1+2+3+4-5-6-7-8-9+10)	62,431,041,561	129,865,130,630
12	Corporate income tax payable	10,073,477,946	11,726,254,782
13	Corporate income tax payable according to tax inspection report	4,232,542,140	
14	Deferred corporate income tax	48,386	(14,460,942)
15	Net profit after corporate income tax(15=11-12-13-14)	48,124,973,089	118,153,336,790

## b/ Income statement (excluding pilot agriculture insurance)

NO	Criteria	Quarter 4/2014 (VND)	Quarter 4/2013 (VND)
1	Income from reinsurance business	222,898,603,100	181,902,810,287
2	Income from real estate investments		0
3	Net income from financial activities	45,502,092,225	131,707,209,201
4	Other incomes	18,608,030,084	3,700,837,517
5	Total expenses for insurance activities	187,784,573,126	146,225,458,036
6	Capital value for real estate investments		0
7	Expenses for financial activities	(3,648,646,659)	8,843,933,008
8	Administration expenses	32,646,196,296	30,667,411,904
9	Other expenses	5,416,311,281	1,858,769,961
10	Accounting profit before tax (10=1+2+3+4-5-6-7-8-9)	64,810,291,365	129,715,284,096

## c/ Results of pilot agriculture insurance

NO	Criteria	Quarter 4/2014 (VND)	Quarter 4/2013 (VND)
1	Income from pilot agriculture insurance	3,430,534,909	32,154,364,821
2	Deductions	2,391,291,395	22,451,493,706
3	Net income from pilot agriculture insurance activities ( 3=1-2)	1,039,243,514	9,702,871,115
4	Direct expenses for pilot agriculture insurance	3,328,286,171	8,692,797,195
5	Gross profit from pilot agriculture insurance ( 5= 3-4)	(2,289,042,657)	1,010,073,920
6	Administration expenses	90,207,147	860,227,386
7	Net profit from pilot agriculture insurance (7=5-6)	(2,379,249,804)	149,846,534

**11. Comparative figures:** Conforming with provision of Circular No 232/2012/TT-BTC providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers, Corporation adjusted and

restated some criteria in the Income statement of the same period of last year and Balance sheet as at 31 December 2013 of Parent company to suit with the figures comparison for this year, as follows:

<b>a/ Income statement</b>			
<b>Criteria</b>	<b>Reported amount (31/12/2013)</b>	<b>Adjustment/reclassi fication</b>	<b>After adjustment/reclassifi cation</b>
1. Gross written premium	1,450,054,039,586	(25,094,935,040)	1,424,959,104,546
2. Increase(decrease) in unearned premium reserve	(68,269,059,580)		-
- For inward reinsurance		(79,623,691,498)	(79,623,691,498)
- For outward reinsurance		(11,354,631,918)	(11,354,631,918)
3. Increase (decrease) in claim reserve			
- For inward reinsurance		(268,390,597,171)	(268,390,597,171)
- For outward reinsurance		(212,029,690,892)	(212,029,690,892)
<b>b/ Balance sheet</b>			
<b>Criteria</b>	<b>Reported amount (31/12/2013)</b>	<b>Adjustment/reclassi fication</b>	<b>After adjustment/reclassifi cation</b>
1. Reinsurance assets			
- Unearned premium reserve for outward reinsurance		501,851,785,635	501,851,785,635
- Claim reserve for outward reinsurance		1,292,624,695,414	1,292,624,695,414
2. Underwriting reserves			
- Unearned premium reserve for inward reinsurance	218,192,007,275	501,851,785,635	720,043,792,910
- Claim reserve for inward reinsurance	338,375,570,542	1,292,624,695,414	1,631,000,265,956

**Preparer**

**Chief Accountant**

*February 1<sup>st</sup> 2015*  
**Chief Executive Officer**

**Nguyen Thanh Cong**

**Luu Thi Viet Hoa**

**Pham Cong Tu**

## BH - BALANCE SHEET

As at 31/12/2014

Unit: VND

Items	Codes	Notes	As at 31/12/2014	As at 01/01/2014 (Restated)
<b>ASSETS</b>				
<b>A- CURRENT ASSETS (100=110+120+130+140+150+190)</b>	<b>100</b>		<b>4,887,413,108,519</b>	<b>5,169,329,279,094</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>III.5</b>	<b>902,269,181,493</b>	<b>762,217,314,509</b>
1. Cash on hand	111		145,609,181,493	40,823,508,089
2. Cash equivalents	112		756,660,000,000	721,393,806,420
<b>II. Short-term financial investments</b>	<b>120</b>	<b>III.6</b>	<b>1,120,926,003,200</b>	<b>1,150,838,232,563</b>
1. Short-term investments	121		1,121,596,680,275	1,158,235,102,189
2. Provisions for impairment of short-term investments	129		(670,677,075)	(7,396,869,626)
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,023,189,938,683</b>	<b>1,461,283,953,112</b>
1. Trade accounts receivable	131		1,068,000,112,806	1,502,964,176,953
1.1. Receivables from insurance contracts	131.1		970,662,445,328	1,409,889,659,094
1.2. Other receivables	131.2		97,337,667,478	93,074,517,859
2. Advancement to suppliers	132		-	-
5. Provision for doubtful debts	139		(44,810,174,123)	(41,680,223,841)
<b>IV. Inventories</b>	<b>140</b>		<b>135,670,390</b>	<b>54,311,517</b>
1. Inventories	141		135,670,390	54,311,517
<b>V. Other short-term assets</b>	<b>150</b>		<b>145,074,281,916</b>	<b>458,986,344</b>
1. Short-term advances	151		144,750,901,483	123,200,000
1.1. Deferred commission costs	151.1		144,750,901,483	-
1.2. Short-term prepayments	151.2		-	123,200,000
2. VAT deductibles	152		33,716,416	55,875,269
5. Other short-term assets	158		289,664,017	279,911,075
<b>VI. Reinsurance assets</b>	<b>190</b>	<b>III.8b</b>	<b>1,695,818,032,837</b>	<b>1,794,476,481,049</b>
1. Retroceded premium reserve	191		500,955,574,666	501,851,785,635
2. Outward claim reserve	192		1,194,862,458,171	1,292,624,695,414
<b>B. FIXED ASSETS (200=210+220+240+250+260)</b>	<b>200</b>		<b>1,072,054,596,684</b>	<b>1,079,103,222,694</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>22,000,000,000</b>	<b>6,000,000,000</b>
4. Other long-term receivables	218		22,000,000,000	6,000,000,000
4.1. Insurance deposit	218.1		22,000,000,000	6,000,000,000
<b>II. Fixed assets</b>	<b>220</b>		<b>34,537,017,642</b>	<b>36,701,081,030</b>
1. Tangible fixed assets	221		10,701,654,498	11,779,382,009
- Cost	222		24,940,283,036	24,737,860,826
- Accumulated depreciation	223		(14,238,628,538)	(12,958,478,817)
3. Intangible fixed assets	227		23,824,177,266	21,097,411,428
- Cost	228		32,392,480,734	24,373,602,609
- Accumulated amortisation	229		(8,568,303,468)	(3,276,191,181)
4. Construction in progress	230		11,185,878	3,824,287,593
<b>III. Investment in real estates</b>	<b>240</b>		<b>15,235,023,861</b>	<b>16,652,235,383</b>
- Cost	241		34,055,061,893	34,055,061,893
- Accumulated depreciation	242		(18,820,038,032)	(17,402,826,510)
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>III.7</b>	<b>998,214,829,106</b>	<b>1,013,453,381,740</b>
1. Investment in subsidiaries	251		60,000,000,000	60,000,000,000
2. Investment in joint ventures	252		125,000,000,000	250,046,999,999
3. Other long-term investments	258		864,034,317,549	794,956,150,958
4. Provision for diminution in value of long-term financial investment	259		(50,819,488,443)	(91,549,769,217)
<b>V. Other long-term assets</b>	<b>260</b>		<b>2,067,726,075</b>	<b>6,296,524,541</b>
1. Long-term prepayments	261		1,836,755,101	6,022,177,067
2. Deferred tax assets	262		230,970,974	274,347,474
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>5,959,467,705,203</b>	<b>6,248,432,501,788</b>

			As at 31/12/2014	As at 01/01/2014 (Restated)
<b>RESOURCES</b>				
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>3,355,037,032,731</b>	<b>3,898,636,542,351</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,351,691,596,720</b>	<b>3,893,986,965,812</b>
2. Trade accounts payable	312		735,751,584,171	1,259,495,964,550
2.1. Payables to insurance contracts	312.1		733,258,805,509	1,226,428,057,169

2.2. Other payables	312.2		2,492,778,662	33,067,907,381
3. Advances from customers	313		980,218,989	206,429,422
4. Taxes and amounts payable to the State budget	314		8,286,699,310	12,281,315,224
5. Payables to employees	315		14,462,515,287	14,121,963,845
6. Other payables	316			12,615,830,204
8. Current payables	319		8,550,849,948	102,628,399,222
9. Unearned commissions	319.1		97,838,561,942	
11. Bonus and welfare funds	323		12,708,645,786	8,868,305,103
13. Underwriting reserves	329	<b>III.8a</b>	2,473,112,521,287	2,483,768,758,242
13.1. Premium reserve	329.1		736,789,100,483	720,043,792,910
13.2. Claim reserve	329.2		1,582,390,623,540	1,631,000,265,956
13.3. Catastrophe reserve	329.3		153,932,797,264	132,724,699,376
<b>II. Long-term liabilities</b>	<b>330</b>		<b>3,345,436,011</b>	<b>4,649,576,539</b>
3. Other long-term liabilities	333		2,295,567,947	3,552,186,642
6. Provision for severance allowance	336		1,049,868,064	1,097,389,897
<b>B.EQUITY (400=400)</b>	<b>400</b>	<b>III.9</b>	<b>2,604,430,672,472</b>	<b>2,349,795,959,437</b>
<b>Equity</b>	<b>410</b>		<b>2,604,430,672,472</b>	<b>2,349,795,959,437</b>
1. Operating capital	411		1,310,759,370,000	1,008,276,580,000
2. Share premium	412		566,368,537,309	768,023,850,642
7. Investment and development funds	417		37,291,105,558	30,042,903,393
8. Financial reserve fund	418		150,214,516,960	150,214,516,960
9. Compulsory reserve fund	419		93,227,763,894	75,107,258,481
11. Retained earnings	421		446,569,378,751	318,130,849,961
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>5,959,467,705,203</b>	<b>6,248,432,501,788</b>

Hanoi, 1 February 2015

Preparer

Chief Accountant

Chief Executive Officer

Nguyen Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

**VIETNAM NATIONAL REINSURANCE CORPORATION**
**Address: 141 Le Duan, Hoan Kiem, Ha Noi**
**Tel: 0439422354 Fax: 0439422351**
**INCOME STATEMENT**
**Quarter 4/2014**
**BH - INCOME STATEMENT**
*Unit: Vietnamese dong*

ITEMS	Cod es	Notes	Quarter 4		From 01/01 to the end of the period	
			2014	2013 (Restated)	2014	2013 (Restated)
<b>1.Premium revenue (01=01.1+01.2-01.3)</b>	<b>01</b>		<b>344,442,459,867</b>	<b>351,759,332,938</b>	<b>1,473,671,063,509</b>	<b>1,504,582,796,044</b>
In which:						
- Gross written premium	01.2		337,033,453,141	314,269,500,350	1,512,456,200,118	1,424,959,104,546
- Increase (decrease) in inward unearned premium reserve	01.3		(7,409,006,726)	(37,489,832,588)	38,785,136,609	(79,623,691,498)
<b>2. Retroceded premium (02=02.1-02.2)</b>	<b>02</b>		<b>222,629,677,459</b>	<b>215,027,136,681</b>	<b>935,774,298,078</b>	<b>936,210,667,399</b>
In which:						
- Gross retroceded premium	02.1		216,021,660,097	194,953,505,493	954,209,712,719	924,856,035,481
- Increase (decrease) in retroceded premium reserve	02.2		(6,608,017,362)	(20,073,631,188)	18,435,414,641	(11,354,631,918)
<b>3. Net premium income (03=01-02)</b>	<b>03</b>		<b>121,812,782,408</b>	<b>136,732,196,257</b>	<b>537,896,765,431</b>	<b>568,372,128,645</b>
<b>4. Commission and other income from reinsurance activities (04=04.1+04.2)</b>	<b>04</b>		<b>101,085,820,692</b>	<b>45,170,614,030</b>	<b>515,341,379,584</b>	<b>204,897,430,559</b>
In which:						
- Commission from reinsurance outward	04.1		26,007,142,601	46,107,007,917	103,273,380,221	185,842,572,795
- Other receipts from insurance business	04.2		75,078,678,091	(936,393,887)	412,067,999,363	19,054,857,764
<b>5. Net income from insurance business (10=03+04)</b>	<b>10</b>		<b>222,898,603,100</b>	<b>181,902,810,287</b>	<b>1,053,238,145,015</b>	<b>773,269,559,204</b>
<b>6. Payment for inward reinsurance claims (11=11.1)</b>	<b>11</b>		<b>186,682,006,559</b>	<b>179,471,838,229</b>	<b>1,054,419,773,432</b>	<b>1,044,425,581,434</b>
In which:						
- Total claims paid	11.1		186,682,006,559	179,471,838,229	1,054,419,773,432	1,044,425,581,434
<b>7. Recoverables from outward reinsurance</b>	<b>12</b>		<b>124,633,782,646</b>	<b>119,412,431,544</b>	<b>793,735,449,206</b>	<b>756,096,510,792</b>
<b>8. Increase (decrease) in inward claim reserve</b>	<b>13</b>		<b>(249,256,430,692)</b>	<b>(97,104,266,431)</b>	<b>84,334,319,791</b>	<b>(268,390,597,171)</b>

<b>9. Increase (decrease) in outward claim reserve</b>	<b>14</b>		<b>(252,899,387,577)</b>	<b>(84,542,020,471)</b>	<b>23,834,007,661</b>	<b>(212,029,690,892)</b>
<b>10. Total claims incurred (15=11-12+13-14)</b>	<b>15</b>		<b>65,691,180,798</b>	<b>47,497,160,725</b>	<b>321,184,636,356</b>	<b>231,968,164,363</b>
<b>11. Increase (decrease) in catastrophe reserve</b>	<b>16</b>		<b>3,636,073,110</b>	<b>3,579,479,846</b>	<b>16,753,113,940</b>	<b>15,003,092,072</b>
<b>12. Other expenses for insurance business (17=17.1+17.2)</b>	<b>17</b>		<b>118,457,319,218</b>	<b>95,148,817,465</b>	<b>588,227,975,574</b>	<b>350,995,337,010</b>
In which:						
- Commission	17.1		39,947,395,470	88,808,908,776	174,364,485,568	323,721,380,518
- Other expenses for insurance business	17.2		78,509,923,748	6,339,908,689	413,863,490,006	27,273,956,492
<b>13. Total costs for insurance business (18=15+16+17)</b>	<b>18</b>		<b>187,784,573,126</b>	<b>146,225,458,036</b>	<b>926,165,725,870</b>	<b>597,966,593,445</b>
<b>14. Gross profit from insurance business ( 19=10-18)</b>	<b>19</b>		<b>35,114,029,974</b>	<b>35,677,352,251</b>	<b>127,072,419,145</b>	<b>175,302,965,759</b>
<b>18. Revenue from financial activities</b>	<b>23</b>		<b>45,502,092,225</b>	<b>131,707,209,201</b>	<b>357,234,645,480</b>	<b>310,951,641,717</b>
<b>19. Expenses for financial activities</b>	<b>24</b>		<b>(3,648,646,659)</b>	<b>8,843,933,008</b>	<b>(18,137,351,955)</b>	<b>10,744,491,296</b>
<b>20. Gross profit from financial activities (25=23-24)</b>	<b>25</b>		<b>49,150,738,884</b>	<b>122,863,276,193</b>	<b>375,371,997,435</b>	<b>300,207,150,421</b>
<b>21. Management expenses</b>	<b>26</b>		<b>32,646,196,296</b>	<b>30,667,411,904</b>	<b>75,521,992,650</b>	<b>82,553,996,393</b>
<b>22. Net profit from insurance business (30=19+22+25-26)</b>	<b>30</b>		<b>51,618,572,562</b>	<b>127,873,216,540</b>	<b>426,922,423,930</b>	<b>392,956,119,787</b>
23. Income from other activities	31		18,608,030,084	3,700,837,517	30,643,236,323	14,558,704,287
24. Expenses for other activities	32		5,416,311,281	1,858,769,961	11,213,957,626	5,675,682,932
<b>25. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>13,191,718,803</b>	<b>1,842,067,556</b>	<b>19,429,278,697</b>	<b>8,883,021,355</b>
<b>(Loss) from pilot agricultural insurance</b>	<b>40.1</b>		<b>(2,379,249,804)</b>	<b>149,846,534</b>	<b>-</b>	<b>(22,315,259,264)</b>
<b>26. Accounting profit (50=30+40+40.1)</b>	<b>50</b>		<b>62,431,041,561</b>	<b>129,865,130,630</b>	<b>446,351,702,627</b>	<b>379,523,881,878</b>
27. Corporate income tax payable	51		14,306,020,086	11,726,254,782	82,054,502,287	69,345,034,237
28. Deferred corporate income tax	52		48,386	(14,460,942)	43,376,500	(38,011,470)
<b>29. Profit after tax (60=50-51-52)</b>	<b>60</b>		<b>48,124,973,089</b>	<b>118,153,336,790</b>	<b>364,253,823,840</b>	<b>310,216,859,111</b>

Hanoi, 1 February 2015

Preparer

Chief Accountant

Chief Executive Officer

Nguyen Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

Address: 141 Le Duan, Hoan Kiem, Ha Noi

**CASHFLOW STATEMENT - Q4/2014***(Direct method)*

Items	Codes	Notes	Quarter 4/2014	Quarter 4/2013 (Restated)
<b>I. Cashflow from operating activities</b>				
1. Receipts from insurance premium and commission	01		702,479,278,419	712,681,631,225
insurance activities	02		(669,377,001,202)	(731,933,109,544)
3. Payments for employees	03		(40,061,972,900)	(34,496,142,643)
4. Tiền chi trả lãi vay	04		-	-
5. Payments for taxes and payables to the State Budget	05		(93,582,479,534)	(76,356,874,767)
6. Receipts from other activities	06		2,291,999,201	2,400,184,630
7. Payments for other liabilities	07		(1,185,609,482)	(2,169,075,446)
<i>Net cash (used in)/from operating activities</i>	<b>20</b>		<b>(99,435,785,498)</b>	<b>(129,873,386,545)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1. Acquisitions of fixed assets & other long-term assets	21		(2,167,816,660)	(6,863,156,497)
5. Payments for investment in other entities	25		(2,374,128,516,366)	(2,023,367,092,406)
6. Receipts from investment in other entities	26		2,477,745,703,088	2,072,083,546,896
7. Receipts from investment interests	27		337,861,516,771	266,857,317,467
<i>Net cash from/(used in) investing activities</i>	<b>30</b>		<b>439,310,886,833</b>	<b>308,710,615,460</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
6. Dividends paid to investors	36		(200,197,958,800)	(181,072,839,920)
<i>Net cash (used in) financing activities</i>	<b>40</b>		<b>(200,197,958,800)</b>	<b>(181,072,839,920)</b>
<b>Net increase/(decrease) in cash (50 = 20+30+40)</b>	<b>50</b>		<b>139,677,142,535</b>	<b>(2,235,611,005)</b>
<b>Cash and cash equivalents at the beginning of the quarter</b>	<b>60</b>		<b>762,217,314,509</b>	<b>764,104,782,233</b>
Effect of changes in foreign exchange rates	61		374,724,449	348,143,281
<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>70</b>		<b>902,269,181,493</b>	<b>762,217,314,509</b>

February 1st 2015

**PREPARER****CHIEF ACCOUNTANT****CHIEF EXECUTIVE OFFICER**

Nguyen Nang Khoan

Luu Thi Viet Hoa

Pham Cong Tu