

**VIETNAM NATIONAL REINSURANCE JOINT STOCK
CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2013



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10/10/10

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") presents this report together with the Corporation's separate financial statements for the year ended 31 December 2013.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Trinh Quang Tuyen	Chairman
Mr. Tran Trong Phuc	Vice Chairman
Mr. Martyn Parker	Vice Chairman
Mr. Pham Cong Tu	Member
Mr. Le Song Lai	Member
Mr. Tran Vinh Duc	Member
Mr. Nguyen Anh Dung	Member (resigned on 25 April 2013)
Mr. Dao Nam Hai	Member (appointed on 25 April 2013)

Board of General Directors

Mr. Pham Cong Tu	General Director
Mr. Dang The Vinh	Deputy General Director
Mr. Thomas Kessler	Deputy General Director
Mr. Mai Xuan Dung	Deputy General Director (appointed on 27 March 2013)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the separate financial statements, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of General Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- prepare the separate financial statements on the going-concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimize errors and frauds.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,


Pham Cong Tu
General Director

Hanoi, 11 March 2014

No.: 704 /VN1A-HN-BC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying separate financial statements of Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") prepared on 11 March 2014 as set out from page 3 to page 26 which comprise the balance sheet as at 31 December 2013, and the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "separate financial statements").

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying separate financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.



Khúc Thị Lan Anh

Deputy General Director

Audit Practising Registration Certificate

No. 0036-2013-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

11 March 2014

Hanoi, S.R. Vietnam

Hoang Van Kien

Auditor

Audit Practising Registration Certificate

No. 1130-2013-001-1

BALANCE SHEET

As at 31 December 2013

FORM B 01-DNBH

Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS (100=110+120+130+140+150)	100		3,374,852,798,045	3,130,799,731,004
I. Cash and cash equivalents	110		762,217,314,509	764,104,782,233
1. Cash on hand	111		359,128,050	405,872,056
2. Cash in bank	112		40,464,380,039	20,648,221,759
3. Cash equivalents	114		721,393,806,420	743,050,688,418
II. Short-term financial investments	120	6	1,150,838,232,563	1,328,330,408,465
1. Short-term investments in securities	121		41,949,531,826	54,641,246,935
2. Other short-term investments	128		1,116,285,570,363	1,283,829,621,081
3. Provision for impairment of short-term investments	129		(7,396,869,626)	(10,140,459,551)
III. Short-term receivables	130		1,461,339,828,381	1,038,048,458,184
1. Trade accounts receivable	131	7	1,502,964,176,953	1,056,382,402,484
2. VAT deductibles	133		55,875,269	55,956,291
3. Provision for doubtful debts	139		(41,680,223,841)	(18,389,900,591)
IV. Inventories	140		54,311,517	62,956,710
1. Materials	142		54,311,517	62,956,710
V. Other short-term assets	150		403,111,075	253,125,412
1. Advances	151		279,911,075	253,125,412
2. Short-term prepayments	152		123,200,000	-
B. FIXED ASSETS, LONG-TERM INVESTMENTS (200=210+220+230+240)	200		1,079,103,222,694	918,253,752,926
I. Fixed assets	210		49,529,028,820	32,819,963,452
1. Tangible fixed assets	211	8	28,431,617,392	32,819,963,452
- Cost	212		58,792,922,719	61,153,198,606
- Accumulated depreciation	213		(30,361,305,327)	(28,333,235,154)
2. Intangible assets	217	9	21,097,411,428	-
- Cost	218		24,373,602,609	-
- Accumulated amortisation	219		(3,276,191,181)	-
II. Long-term financial investments	220	10	1,013,453,381,740	851,075,203,889
1. Investment in subsidiaries	223		60,000,000,000	60,000,000,000
2. Long-term investments in securities	221		609,000,270,000	599,000,270,000
3. Interests in joint ventures	222		250,046,999,999	225,046,999,999
4. Other long-term investments	228		185,955,880,958	57,955,880,958
5. Provision for impairment of long-term investments	229		(91,549,769,217)	(90,927,947,068)
III. Construction in progress	230	11	3,824,287,593	20,883,102,220
IV. Long-term collaterals and deposits	240		12,296,524,541	13,475,483,365
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Long-term prepayments	242	12	6,022,177,067	7,239,147,361
3. Deferred tax assets	243		274,347,474	236,336,004
TOTAL ASSETS (250=100+200)	250		4,453,956,020,739	4,049,053,483,930

These notes set out on pages 08 to 26 are an integral part of these separate financial statements

BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01-DNBH
Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
A. LIABILITIES (300=310+320+330+340)	300		2,104,160,061,302	1,820,368,309,135
I. Current liabilities	310		1,397,602,377,366	1,003,535,380,393
1. Trade accounts payable	313	13	1,259,495,964,550	869,134,283,758
2. Advances from customers	314		206,429,422	659,532,743
3. Taxes and amounts payable to the State budget	315	14	12,281,315,224	12,181,549,947
4. Payables to employees	316		14,121,963,845	12,403,904,167
5. Other current payables	318	15	102,628,399,222	102,675,064,813
6. Bonus and welfare funds	319		8,868,305,103	6,481,044,965
II. Long-term liabilities	320		1,097,389,897	945,344,014
1. Provision for severance allowance			1,097,389,897	945,344,014
III. Under-writing reserves	330	16	689,292,277,193	801,019,523,858
1. Premium reserve	331		218,192,007,275	284,757,322,454
2. Claim reserve	333		338,375,570,542	399,713,561,043
3. Catastrophe reserve	334		132,724,699,376	116,548,640,361
IV. Other liabilities	340		16,168,016,846	14,868,060,870
1. Accrued expenses (Provision for withholding tax payable)	341		12,615,830,204	12,615,830,204
2. Long-term deposits received	343		3,552,186,642	2,252,230,666
B. EQUITY (400=410)	400	17	2,349,795,959,437	2,228,685,174,795
I. Resources and funds	410		2,349,795,959,437	2,228,685,174,795
1. Operating capital	411		1,008,276,580,000	1,008,276,580,000
2. Share premium			768,023,850,642	768,023,850,642
3. Investment and development fund	414		30,042,903,393	23,923,337,154
4. Financial reserve fund	415		150,214,516,960	119,616,685,767
5. Compulsory reserve fund	416		75,107,258,481	59,808,342,885
6. Retained earnings	418		318,130,849,961	249,036,378,347
<i>In which: Gain from exchange differences revaluation at the year-end</i>			<i>45,645,814,460</i>	<i>41,407,267,279</i>
TOTAL RESOURCES (430=300+400)	430		4,453,956,020,739	4,049,053,483,930

These notes set out on pages 08 to 26 are an integral part of these separate financial statements

BALANCE SHEET (Continued)


As at 31 December 2013

FORM B 01-DNBH

OFF-BALANCE SHEET ITEMS	Codes	Currency	31/12/2013	31/12/2012
1. Foreign currencies	08			
United States Dollar		USD	10,190,330.46	291,936.86
Australian Dollar		AUD	435.67	452.96
Japanese Yen		JPY	36,719.00	38,171.00
Singapore Dollar		SGD	1,862.69	1,884.77
Great Britain Pound		GBP	986,654.83	2,201,692.32
Euro		EUR	137,079.73	4,877,597.09
2. Existing depreciation fund	10	VND	41,889,295,351	35,115,915,182

Nguyen Thanh Cong
Preparer

Hanoi, 11 March 2014



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

INCOME STATEMENT

For the year ended 31 December 2013

FORM B 02-DNBH
Unit: VND

ITEMS	Codes	Notes	2013	2012
1. Premium from reinsurance inward	02		1,450,054,039,586	1,625,113,379,098
2. Deductions (03=04+06)	03		949,950,970,521	978,369,705,701
Reinsurance outward premium	04		924,856,035,481	961,702,290,345
Returned premium	06		25,094,935,040	16,667,415,356
3. Decrease/(Increase) in unearned premium reserve	08	16	68,269,059,580	(57,758,669,714)
4. Commission from reinsurance outward	09		185,842,572,795	157,858,035,012
5. Other income from insurance activities (10=11+12)	10		19,054,857,764	61,967,014,192
Income from inward reinsurance	11		(4,804,072,243)	23,515,580,340
Income from outward reinsurance	12		23,858,930,007	38,451,433,852
6. Net revenue from insurance business (14=02-03+08+09+10)	14		773,269,559,204	808,810,052,887
7. Claims payment for inward reinsurance	16		1,044,425,581,434	901,440,270,348
8. Deductions (17=18)	17		756,096,510,792	598,771,436,368
Claims recovered from outward reinsurance	18		756,096,510,792	598,771,436,368
9. Net claim paid (21=16-17)	21		288,329,070,642	302,668,833,980
10. Claims payment from catastrophe reserve	22		-	27,000,000,000
11. (Decrease)/Increase in claim reserve	23	16	(56,360,906,279)	36,792,356,175
12. Allocation to catastrophe reserve	24	16	15,003,092,072	19,402,310,202
13. Other expenses for insurance business (25=34+39)	25		350,995,337,010	387,313,738,696
- Other expenses for inward reinsurance (34=35+38)	34		355,635,593,647	374,372,668,852
+ Commission	35		323,721,380,518	329,399,727,920
+ Others	38		31,914,213,129	44,972,940,932
- Other expenses for outward reinsurance	39		(4,640,256,637)	12,941,069,844
14. Total direct expenses for insurance activities (41=21-22+23+24+25)	41		597,966,593,445	719,177,239,053
15. Gross profit from insurance activities (42=14-41)	42		175,302,965,759	89,632,813,834
16. Administration expenses	44		82,553,996,393	51,580,309,481
17. Net profit from insurance business (45=42-44)	45		92,748,969,366	38,052,504,353
18. Revenue from financial activities	46	18	310,951,641,717	375,853,337,259
19. Expenses for financial activities	47		10,744,491,296	85,290,377,922
20. Profit from financial activities (51=46-47)	51		300,207,150,421	290,562,959,337
21. Other income	52		14,558,704,287	11,943,381,773
22. Other expenses	53		5,675,682,932	7,240,218,036
23. Profit from other activities (54=52-53)	54		8,883,021,355	4,703,163,737
24. (Loss) from pilot agricultural insurance	54.1	19	(22,315,259,264)	(19,700,018,427)
25. Accounting profit before tax (55=45+51+54+54.1)	55		379,523,881,878	313,618,609,000
26. Adjustments to taxable profit (56=56.1+56.2)	56		(102,143,744,929)	(128,291,316,317)
In which: + Non-taxable profit	56.1		(103,767,933,089)	(130,090,610,679)
+ Non-deductible expenses	56.2		1,624,188,160	1,799,294,362
27. Taxable profit (59=55-56)	59		277,380,136,949	185,327,292,683
28. Corporate income tax payable	60	20	69,345,034,237	46,331,823,171
29. Deferred corporate income tax	60.1		TỔNG (38,011,470)	(236,336,004)
30. Net profit after corporate income tax (61=55-60-60.1)	61		310,216,859,111	267,523,121,833

Nguyen Thanh Cong
Preparer
Hanoi, 11 March 2014

Luu Thi Viet Hoa
Chief Accountant

Pham Cong Tu
General Director

These notes set out on pages 08 to 26 are an integral part of these separate financial statements

CASH FLOW STATEMENT

(Direct method)

For the year ended 31 December 2013

FORM B 03-DNBH
Unit: VND

ITEMS	Codes	2013	2012
I. CASH FLOW FROM OPERATING ACTIVITIES			
1. Receipts from insurance premium and commission	01	322,851,669,581	370,476,941,900
2. Receipts from reduced cost of revenue	03	105,662,056,341	65,146,010,163
3. Receipts from other activities	04	1,518,036,963	5,364,500,217
4. Claims payments for insurance activities	05	(276,579,538,261)	(110,768,966,684)
5. Payments for commissions and other liabilities of insurance activities	06	(152,819,977,428)	(203,256,315,646)
6. Payments for suppliers	07	(9,011,122,200)	(6,172,938,413)
7. Payments for employees	08	(34,496,142,643)	(28,765,050,438)
8. Payments for taxes and payables to the State Budget	09	(76,356,874,767)	(62,093,921,515)
9. Payments for other liabilities	10	(9,653,958,802)	(11,603,280,709)
10. Advances for employees and suppliers	11	(987,535,329)	(1,062,828,856)
<i>Net cash (used in)/from operating activities</i>	<i>20</i>	<i>(129,873,386,545)</i>	<i>17,264,150,019</i>
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Receipts from investments on other entities	21	2,053,057,706,400	5,407,409,380,133
2. Receipts from investment interests	22	266,857,317,467	264,692,475,755
3. Payments for investments in other entities	24	(2,004,341,251,910)	(6,325,526,728,820)
4. Acquisitions of fixed assets and other long-term assets	25	(6,863,156,497)	(10,344,814,260)
<i>Net cash from/(used in) investing activities</i>	<i>30</i>	<i>308,710,615,460</i>	<i>(663,769,687,192)</i>
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Dividends paid to investors	36	(181,072,839,920)	(50,716,724,000)
<i>Net cash (used in) financing activities</i>	<i>40</i>	<i>(181,072,839,920)</i>	<i>(50,716,724,000)</i>
Net decrease in cash (50=20+30+40)	50	(2,235,611,005)	(697,222,261,173)
Cash and cash equivalents at the beginning of the year	60	764,104,782,233	1,461,418,167,254
Effect of changes in foreign exchange rates	61	348,143,281	(91,123,848)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	762,217,314,509	764,104,782,233

Nguyen Thanh Cong
Preparer

Luu Thi Viet Hoa
Chief Accountant

Pham Cong Tu
General Director

Hanoi, 11 March 2014

These notes set out on pages 08 to 26 are an integral part of these separate financial statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FORM B 09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

1. GENERAL INFORMATION

Structure of ownership

Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") is incorporated under Establishment and Operation License No. 28/GP/KDBH dated 15 November 2004 issued by the Ministry of Finance and Amended License No. 28/GPDC3/KDBH dated 11 August 2011.

The number of employees as at 31 December 2013 was 88 (31 December 2012: 90).

Operating industry and principal activities

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Corporation's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on management, usage and depreciation of fixed assets

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors' assessment, Circular 45 does not have material effect on the Corporation's separate financial statements for the year ended 31 December 2013.

New guidance on provision for impairment of long-term investments into other entities

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors' assessment, Circular 89 does not have material effect on the Corporation's separate financial statements for the year ended 31 December 2013.

4. NEW ACCOUNTING GUIDANCE IN ISSUE BUT NOT YET ADOPTED

Accounting guidance applicable to insurance enterprises

On 28 December 2012, the Ministry of Finance issued Circular No. 232/2012/TT-BTC ("Circular 232") providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers. Circular 232 regulates some compulsory accounts, accounting method, form of financial statements applicable to non-life insurers, health insurers, reinsurers and branches of foreign non-life insurers. Circular 232 is effective from 01 January 2014 and applied from the fiscal year 2014. The Board of General Directors is considering the extent of impact of the adoption on the Corporation's separate financial statements for future accounting periods.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets

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

Financial assets of the Corporation comprise cash, cash equivalents, trade receivables and investments.

Financial liabilities

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

Financial liabilities of the Corporation comprise trade payables, other payables, deposits received and claim reserve.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

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

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are over due for nine 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.

Owing to the nature of reinsurance business, liabilities are often settled on a quarterly or half-year basis. Therefore, the Corporation makes provision for doubtful debts on the basis different from regulations in Circular No.228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, construction works at enterprises, as follows:

- No provision is made for accounts receivable over due for less than 09 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%.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for doubtful debts (Continued)

- For accounts receivable over due from 27 to less than 39 months, the 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%.

The Corporation believes that aforesaid provision-making is in line with its business nature.

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>
Buildings, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

Investments in subsidiaries

A subsidiary is an entity controlled by the Corporation. Control is the power to govern the financial and operating policies of the investee to take benefits from its operation.

The investment is presented in the balance sheet at the net amount of the cost and provision for impairment (if any). Provision for impairment of the investment in subsidiaries is made in accordance with the prevailing accounting standards and regulations in Circular No. 89/2013/TT-BTC amending and supplementing Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, construction works at enterprises and prevailing accounting regulations.

Interests in joint ventures

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

The investment is presented in the balance sheet at the net amount of the cost and provision for impairment (if any). Provision for impairment of the investment in joint venture is made in accordance with the prevailing accounting standards and regulations in Circular No. 89/2013/TT-BTC amending and supplementing Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, construction works at enterprises and prevailing accounting regulations.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

Investments in securities are recognised on a trade date basis 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 impairment of investments in securities.

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

Construction in progress

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

Long - term prepayments

Under Circular No. 203/2009/TT-BTC dated 20 October 2009, Circular No. 45/2013/TT-BTC dated 25 April 2013 and Circular No. 138/2012/TT-BTC dated 20 August 2012 issued by the Ministry of Finance guiding regime on management, use and calculation of depreciation of fixed assets for enterprises incorporated and operate in Vietnam, if a wholly State - owned enterprise undergoes valuation by discounted cash flow method for equitization purposes, an increase in the actual value of the State capital portion compared to the book value, shall not be recognized as an intangible fixed asset and gradually allocated to business expenses during a year not exceeding 10 years. The time commencing allocation to expenses shall be the time when the enterprise officially converts to a shareholding company (as per its business registration certificate). Circular No. 203/2009/TT-BTC effective from 01 January 2010 was applied by the corporation to allocate the remaining difference of VND 14,640,221,973 as at 31 December 2009, representing the increase due to re-valuation at the time of equitization, to long-term prepayments and allocated it evenly to expenses using the straight-line method over the duration of 5 years from 2010.

Other types of long-term prepayments comprise costs of tools, supplies and spare parts issued for consumption, which are expected to provide future economic benefits to the Corporation for one year or more. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method for the year over which the expected future economic benefits flow to the Corporation.

Insurance deposits

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

Revenue recognition

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Corporation for more than 12 months as of 31 December 2008 with the allowance made for each year of service up to 31 December 2008 equalling to a half of an average monthly salary level for basis of social insurance. From 01 January 2009, the average monthly salary used for calculation of severance allowance shall be adjusted to be the average salary level for basis of social insurance of the 6 consecutive months nearest to the date of the separate financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the income statement.

Foreign currencies

- The Corporation applies an accounting exchange rate of 20,800 VND to USD in the year (in 2012 20,800 VND to USD) to transactions arising in foreign currencies during the year. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the transaction date. Such exchange differences are recorded in the income statement.
- Liabilities and receivables relating to accounting for revenues and costs for the year denominated in USD at the balance sheet date are translated using the Vietcombank's buying exchange rate of 21,085 VND to USD (in previous years, using the State Bank's interbank average exchange rate).
- Liabilities and receivables relating to accounting for revenue and costs for the year denominated in currencies other than USD at the balance sheet are translated into USD at the accounting exchange rate and then using the Vietcombank's buying exchange rate of 21,085 VND to USD (in previous years, using the State Bank's interbank average exchange rate).
- With regard to monetary assets, receivables and liabilities denominated in foreign currencies that are not related to accounting for revenue and costs 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" and Circular No. 179/2012/TT-BTC dated 24 October 2012 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. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

Provisions

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

Enterprise funds

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

All profits are used to pay dividends for shareholders, allocate to compulsory reserve fund, investment and development fund, financial reserve fund, bonus and welfare funds and bonus fund for the management. The allocation ratio shall be decided by the Shareholders at the general meeting as per the request of the Board of Management. However, according to the Corporation's Charter, the Board of Management may pay mid-year dividends if they are certain about the profit of the Corporation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under-writing reserves

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

Premium reserve: This reserve is provided for at 25% of the premium retained for the year 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 year-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.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard (VAS) No. 19 "Insurance Contract" and Decision No. 100/2005/QD-BTC (effective from 2006) attached thereto. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves, including catastrophe reserve, for future claim compensation if claims are not incurred on the balance sheet date. Currently, under Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made catastrophe reserve in the year should be more prudent than what is regulated in VAS 19. The effect of the standard on the Corporation's separate financial statements will be subject to the Ministry of Finance's subsequent guiding documents.

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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other year (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

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

6. SHORT-TERM FINANCIAL INVESTMENTS

	31/12/2013	31/12/2012
	VND	VND
Bank term deposits under one year (*)	1,116,285,570,363	1,283,829,621,081
Short-term bonds (**)	30,000,000,000	39,642,914,384
Stocks (short-term)	11,949,531,826	14,998,332,551
Provision for impairment of short-term investments	(7,396,869,626)	(10,140,459,551)
	<u>1,150,838,232,563</u>	<u>1,328,330,408,465</u>

(*) Represent term deposits at commercial banks which will fall due from over 3 months to 12 months with interest rate of 7% to 11% per annum for local currency and of 0.25% to 4% for foreign currency.

(**) Represent corporate bonds, with maturity less than one year and coupon rates in range from 12.25% to 12.28% per annum.

7. TRADE ACCOUNTS RECEIVABLE

	31/12/2013	31/12/2012
	VND	VND
Receivables from inward reinsurance	606,011,120,648	434,496,560,326
Receivables from outward reinsurance	734,119,751,609	471,830,292,388
Accrued gains on investments and loans	91,786,113,829	63,670,453,958
Other receivables from reinsurance activities	69,758,786,837	85,903,343,537
Other receivables	1,288,404,030	481,752,275
	<u>1,502,964,176,953</u>	<u>1,056,382,402,484</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

8. TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
COST	VND	VND	VND	VND	VND
As at 01/01/2013	49,226,058,930	3,977,377,071	7,685,405,353	264,357,252	61,153,198,606
Additions	-	-	673,132,000	-	673,132,000
Other increase	-	-	-	214,344,409	214,344,409
Write-down	-	-	(108,215,636)	(85,213,700)	(193,429,336)
Other decreases (*)	-	-	(2,878,485,453)	(175,837,507)	(3,054,322,960)
As at 31/12/2013	<u>49,226,058,930</u>	<u>3,977,377,071</u>	<u>5,371,836,264</u>	<u>217,650,454</u>	<u>58,792,922,719</u>
ACCUMULATED DEPRECIATION					
As at 01/01/2013	23,713,403,104	1,995,748,050	2,359,726,748	264,357,252	28,333,235,154
Additions	1,696,865,227	643,835,458	1,093,567,325	16,165,687	3,450,433,697
Other increase	-	-	-	79,086,677	79,086,677
Write-down	-	-	(108,215,636)	(7,101,142)	(115,316,778)
Other decreases (*)	-	-	(1,243,640,987)	(142,492,436)	(1,386,133,423)
As at 31/12/2013	<u>25,410,268,331</u>	<u>2,639,583,508</u>	<u>2,101,437,450</u>	<u>210,016,038</u>	<u>30,361,305,327</u>
NET BOOK VALUE					
As at 31/12/2013	<u>23,815,790,599</u>	<u>1,337,793,563</u>	<u>3,270,398,814</u>	<u>7,634,416</u>	<u>28,431,617,392</u>
As at 31/12/2012	<u>25,512,655,826</u>	<u>1,981,629,021</u>	<u>5,325,678,605</u>	-	<u>32,819,963,452</u>

As at 31 December 2013, the total cost of tangible fixed assets includes VND 2,179,103,565 (31/12/2012: VND 3,106,169,462) of assets that have been fully depreciated but are still in use.

(*) Other decreases mainly represent written-down cost and accumulated depreciation of fixed assets whose costs are less than VND 30,000,000 according to Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance.

9. INTANGIBLE ASSETS

The balance as at 31 December 2013 represent estimated cost and accumulated amortisation from 01 May 2013 (the date that it was put into use) to 31 December 2013 of Reinsurance Software.

10. LONG-TERM FINANCIAL INVESTMENTS

	31/12/2013	31/12/2012
	VND	VND
<i>Investments in subsidiaries (a)</i>	<i>60,000,000,000</i>	<i>60,000,000,000</i>
<i>Interests in joint ventures (b)</i>	<i>250,046,999,999</i>	<i>225,046,999,999</i>
<i>Long-term investments in securities</i>	<i>609,000,270,000</i>	<i>599,000,270,000</i>
Equity investments (c)	469,000,270,000	469,000,270,000
Bonds (d)	140,000,000,000	130,000,000,000
Bank debentures issued by Vietnam Development Bank	30,000,000,000	30,000,000,000
Bonds issued by Song Da Group	50,000,000,000	50,000,000,000
Bonds issued by Electricity of Vietnam	-	50,000,000,000
Bonds issued by Ho Chi Minh City People's Committee	60,000,000,000	-
<i>Other long-term investments</i>	<i>185,955,880,958</i>	<i>57,955,880,958</i>
Cash in bank (term of over 1 year)	123,000,000,000	-
Investment from Welfare fund	821,206,063	821,206,063
Investment co-operation contract with VINARE Invest (e)	7,134,674,895	7,134,674,895
Entrusted investment - Vietcombank Fund Management Company	50,000,000,000	50,000,000,000
Entrusted investment - VietFund Management Company	5,000,000,000	-
<i>Provision for impairment of long-term investments (f)</i>	<i>(91,549,769,217)</i>	<i>(90,927,947,068)</i>
	<u>1,013,453,381,740</u>	<u>851,075,203,889</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

10. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(a) Investment in subsidiaries

Details of the Corporation's subsidiary as at 31 December 2013 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
VINARE Investment Joint Stock Company (Vinare Invest)	Hanoi, Vietnam	63.9	60	Property investment and construction

(b) Interests in joint ventures

The Corporation contributed 50% of the joint venture's value and enjoys a part of profit from Samsung Vina Insurance Ltd. According to agreement with Joint venture's partner, Samsung Fire and Marine Incorporated (SFMI), the Corporation is going to transfer 25% of its 50% of ownership interest in Samsung Vina Insurance Ltd to SFMI. The transfer was approved by the Ministry of Finance on 17 January 2014 and the two parties are currently in the process of capital transfer.

(c) Equity investments

	Portion of ownership	31/12/2013	31/12/2012
Equity investments in:		VND	VND
Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Post- Telecommunication Joint Stock Insurance Company	7.06%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.00%	6,000,000,000	6,000,000,000
Global Insurance Company	4.40%	17,600,000,000	17,600,000,000
Bao Tin Insurance Company	2.67%	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint-Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	3.59%	2,695,000,000	2,695,000,000
Hung Vuong Insurance Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.41%	275,000,000,000	275,000,000,000
		469,000,270,000	469,000,270,000

At the date of the separate financial statements, the Corporation evaluated the fair value of equity investments as at 31 December 2013 and made a provision for impairment of such investments using the latest financial statements of the investees. For those whose 2013 financial statements have not been either reviewed or finalized yet, the Corporation used financial statements for the latest reporting period and obtained more updated financial information of such entities so as to estimate impairment value (if any) to make provision. With obtainable information at the date of separate financial statements, the Board of General Directors believes that using such information to determine the provision for impairment of the investments has no material effects on the Corporation's separate financial statements.

During the year, the Corporation received profit-sharing notifications from its investees, as follows:

	2013	2012
	VND	VND
Interest on investment in Samsung Vina Insurance Company	81,801,631,708	75,000,000,000
Interest on investment in Petrolimex Joint Stock Insurance Company	7,484,793,600	8,108,526,400
Interest on investment in Post- Telecommunication Joint Stock Insurance Company	3,911,846,400	4,127,760,000
Interest on investment in Sai Gon - Ha Long Hotel	750,000,000	720,000,000
Interest on investment in Global Insurance Company	1,132,800,000	1,699,200,000
Interest on investment in Agriculture Bank Insurance Joint-Stock Corporation	3,200,000,000	3,200,000,000
Interest on investment in Hung Vuong Insurance Company	900,000,000	810,000,000
	99,181,071,708	93,665,486,400

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

10. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(c) Equity Investments (Continued)

Bonus shares received from its investees as at 31 December 2013 were as follows:

	Par value	Number of shares
Petrolimex Joint Stock Insurance Company	10,000	353,056
Tien Phong Commerical Joint Stock Bank	10,000	2,500,000
Post- Telecommunication Joint Stock Insurance Company	10,000	381,024
Joint stock commercial bank for foreign trade of Vietnam	10,000	11,806
Ha Do Group Joint Stock Company	10,000	53,375

(d) Other bonds

Represent corporate bonds with above one to ten years to maturity and coupon rates in range from 10.1% to 13.38% per annum.

(e) Investment co-operation contract with VINARE Investment Joint Stock Company:

Represent contributions in the business cooperation and production sharing contract signed with the project investment owner.

(f) Provision for impairment of long-term investments in securities:

Include an amount of VND 87,198,161,866, representing provision for impairment of investment in Tien Phong Joint Commerical Stock Bank in accordance with the guidance on provision making stipulated in Circular No. 89/2013/TT-BTC ("Circular 89") dated 28 June 2013 amending and supplementing Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investment, bad debt and warranty for products, goods and construction and installation works at enterprises and on the basis of reviewed financial statements for the period from 01 January 2013 to 30 June 2013 of Tien Phong Commercial Joint Stock Bank.

11. CONSTRUCTION IN PROGRESS

	31/12/2013	31/12/2012
	VND	VND
Purchasing fixed assets	419,650,500	43,860,000
WebXL professional software system	3,404,637,093	19,571,535,106
Fixed assets repairing cost	-	1,267,707,114
	3,824,287,593	20,883,102,220

12. LONG-TERM PREPAYMENTS

	31/12/2013	31/12/2012
	VND	VND
Added value after equitisation	2,928,044,393	5,856,088,788
Golf card expenses	1,326,051,612	1,383,058,573
Other long-term prepaid expenses	1,768,081,062	-
	6,022,177,067	7,239,147,361

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

13. TRADE ACCOUNTS PAYABLE

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
Payables to inward reinsurance activities	507,960,486,135	280,563,317,396
Payables to outward reinsurance activities	718,467,571,034	551,395,233,769
Payable due to payment not yet confirmed	15,535,143,194	19,190,004,569
Temporary Withholding Tax collection (2% of foreign Re-insurance fee)	9,796,201,319	10,666,822,553
Other payable	7,736,562,868	7,318,905,471
	<u>1,259,495,964,550</u>	<u>869,134,283,758</u>

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
VAT on domestic sales	399,616,421	230,864,066
Corporate income tax	11,639,216,904	9,959,923,205
Other taxes	242,481,899	1,990,762,676
	<u>12,281,315,224</u>	<u>12,181,549,947</u>

15. OTHER CURRENT PAYABLES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
Dividends payable	100,827,658,000	100,864,338,000
Trade union fee, and insurances payable	1,800,741,222	1,810,726,813
	<u>102,628,399,222</u>	<u>102,675,064,813</u>

16. UNDER-WRITING RESERVES

	<u>31/12/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>31/12/2013</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
I. Normal activities				
Premium reserve	280,596,232,141	-	68,269,059,580	212,327,172,561
Claim reserve	381,420,468,403	-	56,360,906,279	325,059,562,124
Catastrophe reserve	115,716,422,298	15,003,092,072	-	130,719,514,370
II. Pilot agricultural insurance activities				
Premium reserve	4,161,090,313	1,703,744,401	-	5,864,834,714
Claim reserve	18,293,092,640	-	4,977,084,222	13,316,008,418
Catastrophe reserve	832,218,063	1,172,966,943	-	2,005,185,006
	<u>801,019,523,858</u>	<u>17,879,803,416</u>	<u>129,607,050,081</u>	<u>689,292,277,193</u>

Reserves are reversed when the reserve amount required in the year is less than the balance provided in accordance with prevailing regulations.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

17. EQUITY

	Operating capital	Share premium	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2012	1,008,276,580,000	768,023,850,642	32,370,699,318	19,232,357,227	96,161,786,131	48,080,893,067	177,874,033,781	2,150,020,200,166
Profit for the year	-	-	-	-	-	-	267,523,121,833	267,523,121,833
Profit distribution to fund	-	-	-	4,690,979,927	23,454,899,636	11,727,449,818	(45,119,290,267)	(5,245,960,886)
Dividends declared	-	-	-	-	-	-	(151,241,487,000)	(151,241,487,000)
Other increase/(decrease)	-	-	(32,370,699,318)	-	-	-	-	(32,370,699,318)
As at 01/01/2013	1,008,276,580,000	768,023,850,642	-	23,923,337,154	119,616,685,767	59,808,342,885	249,036,378,347	2,228,685,174,795
Profit for the year	-	-	-	-	-	-	310,216,859,111	310,216,859,111
Profit distribution to fund (*)	-	-	-	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)
As at 31/12/2013	1,008,276,580,000	768,023,850,642	-	30,042,903,393	150,214,516,960	75,107,258,481	318,130,849,961	2,349,795,959,437

(*) According to Resolution No. 06/2013/NQ-DHDCD dated 25 April 2013 passed at the Shareholders' Annual General Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the second dividend payment for 2012 at the rate of 8% from the retained earnings, which is equivalent to VND 80,662,126,400. Simultaneously, the Board of Management declared the first interim dividend payment for 2013 at the rate of 10% from the retained earnings, which is equivalent to VND 100,827,658,000 and made distribution of VND 59,632,603,097 to the funds. The final decision on 2013 profit distribution will be passed at the forth-coming Annual General Meeting of Shareholders.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

17. EQUITY (Continued)

Operating capital

As at 31 December 2013, the total actual capital contributed by shareholders and share premium were as follows:

	Contributed capital as at			
	31/12/2013 Portion		31/12/2012 Portion	
	VND		VND	
Operating capital	1,008,276,580,000	100%	1,008,276,580,000	100%
State Capital Investment Corporation	406,969,500,000	40.36%	406,969,500,000	40.36%
Swiss Re	252,069,150,000	25.00%	252,069,150,000	25.00%
Other shareholders	349,237,930,000	34.64%	349,237,930,000	34.64%
Share premium	768,023,850,642		768,023,850,642	
	1,776,300,430,642		1,776,300,430,642	

Shares

	31/12/2013	31/12/2012
Number of shares registered to issue	100,827,658	100,827,658
Number of shares issued to public	100,827,658	100,827,658
<i>Common shares</i>	<i>100,827,658</i>	<i>100,827,658</i>
Number of outstanding shares in circulation	100,827,658	100,827,658
<i>Common shares</i>	<i>100,827,658</i>	<i>100,827,658</i>

A common share has par value of VND 10,000.

18. REVENUE FROM FINANCIAL ACTIVITIES

	2013	2012
	VND	VND
Interest on time deposits	187,792,699,583	210,044,254,102
Dividends and profits received	99,529,385,908	96,924,211,600
Interest on bonds, commercial bills	16,719,017,123	28,521,953,138
Interest on entrusted investments	2,070,774,000	554,520,548
Interest on exchange differences	4,238,547,181	34,361,450,647
Interest on securities trading	-	5,189,255,618
Interest on demand deposits	601,217,922	257,691,606
	310,951,641,717	375,853,337,259

19. PILOT PROVISION OF AGRICULTURAL INSURANCE

On 01 March 2011, the Prime Minister issued Decision No. 315/QĐ-TTg on the pilot provision of agricultural insurance during 2011-2013 with objectives to help agricultural producers take the initiative in remedying and recovering from financial losses caused by natural disasters or epidemics, contributing to assuring social welfare in rural areas and promoting agricultural production. According to the Decision, the Corporation has responsibilities to undertake agricultural reinsurance under the guidance of the Ministry of Finance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

19. PILOT PROVISION OF AGRICULTURAL INSURANCE (Continued)

On 17 August 2011, the Ministry of Finance issued Circular No. 121/2011/TT-BTC providing guidance on several clauses of Decision No. 315/QĐ-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and the Corporation shall provide agricultural insurance activities in pilot for non-profit purposes. Insurance enterprises have responsibilities to account for revenue and costs incurred from pilot agricultural insurance activities separately from other activities and any existing agricultural insurance activities.

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

From 2012, the Corporation started undertaking pilot agricultural insurance activities. The Corporation's income statement for the year ended 31 December 2013 only presented net loss of VND 22,315,259,264 in the year from the pilot agricultural insurance activities. Accumulated loss as at 31 December 2013 of the pilot agricultural insurance activities is VND 42,015,277,691. The Board of General Directors believes that such presentation is in line with the provisions of the above decisions and circulars.

20. CORPORATE INCOME TAX PAYABLE

	2013	2012
	VND	VND
Profit before tax	379,523,881,878	313,618,609,000
Adjustments for taxable income		
Less: Non-taxable income	(103,767,933,089)	(130,090,610,679)
Add: Non-deductible expenses	1,624,188,160	1,799,294,362
Assessable income	277,380,136,949	185,327,292,683
Normal tax rate	25%	25%
Corporate current income tax payable	69,345,034,237	46,331,823,171
Deferred tax	(38,011,470)	(236,336,004)

21. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation only consists of equity attributable to shareholders (comprising capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 5.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

21. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	Carrying amounts	
	31/12/2013	31/12/2012
	VND	VND
Financial assets		
Cash and cash equivalents	762,217,314,509	764,104,782,233
Trade receivables	1,461,283,953,112	1,037,992,501,893
Short-term investments	1,150,838,232,563	1,328,330,408,465
Long-term investments	706,790,625,837	566,028,203,890
Total	4,081,130,126,021	3,696,455,896,481
Financial liabilities		
Trade and other payables	1,350,527,421,231	959,331,799,205
Claim reserve	338,375,570,542	399,713,561,043
Long-term deposits received	3,552,186,642	2,252,230,666
Total	1,692,455,178,415	1,361,297,590,914

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

Financial risk management objectives

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

Financial risks include market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and prices.

The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

Foreign currency risk management

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued) **FORM B 09-DNBH**
(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

21. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management (Continued)

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

	Assets		Liabilities	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND	VND	VND	VND
United States Dollar (USD)	964,677,103,947	517,660,748,145	687,782,030,089	504,600,368,278
Euro (EUR)	3,988,303,226	133,504,709,950	2,818,227,135	-
Great Britain Pound (GBP)	31,964,113,592	73,688,440,258	17,336,051	-
Singapore Dollar (SGD)	42,750,781	31,845,074	-	-
Australian Dollar (AUD)	8,463,273	9,747,600	-	-
Japanese Yen (JPY)	663,711,757	9,199,211	94,002,091	-

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, Euro and Great Britain Pound.

The following table details the Corporation's sensitivity to a 10% increase and decrease in Vietnam Dong against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. For a 10% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the respective amounts as follows:

	2013	2012
	VND	VND
United States Dollar (USD)	27,689,507,386	1,306,037,987
Euro (EUR)	117,007,609	13,350,470,995
Great Britain Pound (GBP)	3,196,411,359	7,368,844,026

Share price risk management

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

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

Credit risk

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

21. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

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

	Less than 1 year	From 1 - 5 years	Over five years	Total
	VND	VND	VND	VND
31/12/2013				
Cash and cash equivalents	762,217,314,509	-	-	762,217,314,509
Trade receivables	1,461,283,953,112	-	-	1,461,283,953,112
Short-term investments	1,150,838,232,563	-	-	1,150,838,232,563
Long-term investments	-	190,821,206,063	515,969,419,774	706,790,625,837
Total	3,374,339,500,184	190,821,206,063	515,969,419,774	4,081,130,126,021
31/12/2013				
Trade and other payables	1,350,527,421,231	-	-	1,350,527,421,231
Claim reserve	338,375,570,542	-	-	338,375,570,542
Long-term deposits received	-	3,552,186,642	-	3,552,186,642
Total	1,688,902,991,773	3,552,186,642	-	1,692,455,178,415
Net liquidity gap	1,685,436,508,411	187,269,019,421	515,969,419,774	2,388,674,947,606
	Less than 1 year	From 1 - 5 years	Over five years	Total
	VND	VND	VND	VND
31/12/2012				
Cash and cash equivalents	764,104,782,233	-	-	764,104,782,233
Trade receivables	1,037,992,501,893	-	-	1,037,992,501,893
Short-term investments	1,328,330,408,465	-	-	1,328,330,408,465
Long-term investments	-	180,821,206,063	385,206,997,827	566,028,203,890
Total	3,130,427,692,591	180,821,206,063	385,206,997,827	3,696,455,896,481
31/12/2012				
Trade and other payables	959,331,799,205	-	-	959,331,799,205
Claim reserve	399,713,561,043	-	-	399,713,561,043
Long-term deposits received	-	2,252,230,666	-	2,252,230,666
Total	1,359,045,360,248	2,252,230,666	-	1,361,297,590,914
Net liquidity gap	1,771,382,332,343	178,568,975,397	385,206,997,827	2,335,158,305,567

The Board of General Directors assessed the liquidity risk concentration at low level. The Board of General Directors believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Transactions and balances with related parties are presented in the consolidated financial statements for the year ended 31 December 2013.

23. CONTINGENT LIABILITIES

According to Official Letter No. 15861/BTC-TCT dated 26 December 2008 of the Ministry of Finance and General Department of Taxation regarding tax policies on overseas outward reinsurance premium, where insurance enterprises in Vietnam make overseas outward reinsurance transactions relating to insurance services for organizations and individuals in Vietnam, reinsurers overseas are subject to withholding tax (corporate income tax) at a rate of 2% out of overseas outward reinsurance premium as stipulated in Circular No. 05/2005/TT-BTC dated 01 November 2005 issued by the Ministry of Finance.

However, under Official Letter No. 8667/BTC-TCT dated 06 July 2010, reinsurance contracts signed with foreign resident or territory who signed agreement on avoidance of double taxation with Vietnam insurers will be exempted from withholding tax incurred during the years from 2005 to 2008 and during validity period of the Agreement.

Currently, the Corporation has completed the application for withholding tax exemption under the Guidance of Official Letter No. 8667/BTC-TCT as mentioned above. Withholding tax of VND 365,643,862 payable for period 2005-2008 was accounted for in business expenses in 2010. The determination of tax payable in 2008 and before imposed on the Corporation (if any) will be based on the final decision of the Ministry of Finance and the General Department of Taxation.

On 20 September 2012, the inspectors of the Ministry of Finance examined declaration and payment relating to withholding tax at the Corporation for the period from 2009 to 2011 and made conclusion of withholding tax arising on reinsurers resided in countries or territories who signed a double taxation avoidance agreement with Vietnam at VND 24,442,754,232. However, due to problems in the declaration, exemption from withholding tax from 2009 to 2011, the inspectors have not given specific instructions for these taxes.

To withholding tax on costs incurred from retrocession fee in 2009 and 2010, the Corporation has just recorded a temporary provision of the tax payable by foreign contractors of VND 12,615,830,204. To withholding tax on costs incurred from retrocession fee in 2011, the Corporation withheld the withholding tax on remittance of retrocession fee. The withheld amount is presented as part of "Trade accounts payable" as most of foreign contractors have permanent residence with income incurred in countries that have signed agreements on avoidance of double taxation with Vietnam. These contractors are preparing procedures to be exempted from withholding tax under the provisions of Circular No. 60/2007/TT-BTC dated 14 June 2007 of the Ministry of Finance guiding the implementation of some articles of Law on Tax Administration and guide the implementation of Decree No. 85/2007/ND-CP dated 25 May 2007 of the Government detailing the implementation of some articles of Law on Tax Administration.

From 2012 onwards, withholding tax applicable to overseas outward reinsurance activities has been amended in Circular No. 60/2012/TT-BTC dated 12 April 2012 issued by the Ministry of Finance, which stipulates that withholding tax is at a rate of 0.1% out of overseas outward reinsurance premium. The Corporation declared and paid the 2012 withholding tax in the year.

The determination of withholding tax payable (if any) will be based on the final decision of the Ministry of Finance and the General Department of Taxation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

24. FINANCIAL RATIOS

Items	Unit	2013	2012
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	24.23	22.68
- Current assets and short-term investments/Total assets	%	75.77	77.32
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	47.24	44.96
- Owner's equity/Total resources	%	52.76	55.04
2. Liquidity			
2.1. Current liquidity	times	2.12	2.22
2.2. Short-term liability liquidity	times	2.41	3.12
2.3. Quick liquidity	times	1.37	2.09
2.4. Long-term liability liquidity	times	-	-
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	34.54	26.21
- Profit after tax/Revenue ratio	%	28.23	22.36
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	8.52	7.75
- Profit after tax/Total assets ratio	%	6.96	6.61
3.3. Profit after tax/Owner's equity ratio	%	13.20	12.00

25. BUSINESS SEGMENT REPORT

The Company's principal activities are reinsurance business and investments funded from reinsurance capital resources, which is a part of reinsurance business cycle. Investments in other business activities are insignificant. Therefore, the Board of General Directors made an assessment and believes that the fact that no report on segment information is made is in line with the Company's current business operation.

26. COMPARATIVE FIGURES

Comparative figures are figures of the audited financial statements for the year ended 31 December 2012.

Nguyen Thanh Cong
Preparer

Luu Thi Viet Hoa
Chief Accountant

Pham Cong Tu
General Director

Hanoi, 11 March 2014