# BIDV Insurance Company

Report of the Board of Directors
and Audited Financial Statements

31 December 2008

ERNST & YOUNG

BIDV Insurance Company

**CONTENTS**


| | *Pages* |
|---|---|
| REPORT OF THE BOARD OF DIRECTORS | 1 - 3 |
| AUDITED FINANCIAL STATEMENTS | |
| Independent auditors' report | 4 |
| Balance sheet | 5 - 6 |
| Income statement | 7 - 8 |
| Cash flow statement | 9 - 10 |
| Notes to the financial statements | 11 - 38 |

# BIDV Insurance Company

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of BIDV Insurance Company ("the Company") presents its report and the Company's financial statements for the year ended 31 December 2008.

## THE COMPANY

BIDV Insurance Company is a wholly–owned subsidiary of the Bank for Investment and Development of Vietnam ("BIDV") – a state owned commercial bank incorporated in Vietnam. The Company operates under Business License No 11GP/KDBH granted by the Ministry of Finance which is effective from 10 April 2006 for the period of 89 years, and the following Amended Business Licenses:

| *Amended Business License No* | *Date of issuance* | *Primary changes* |
|---|---|---|
| 11/GPDC1/KDBH | 10 May 2006 | Establishment of three branches in Hai Phong, Nghe An, and Da Nang |
| 11/GPDC2/KDBH | 27 September 2006 | Establishment of five branches in Binh Dinh, DakLak, Dong Nai, Ba Ria - Vung Tau, and Can Tho |
| 11/GPDC3/KDBH | 17 October 2006 | Increase of the Company's charter capital to VND 200 billions. |
| 11/GPDC4/KDBH | 7 September 2007 | Increase of the Company's charter capital to VND 500 billions and establishment of three branches in Ha Noi, Quang Ninh, Hai Duong |
| 11/GPDC5/KDBH | 22 August 2008 | Establishment of seven branches in Binh Duong, Khanh Hoa, Bac Tay Nguyen, Dong Bac, Thai Nguyen, Tay Ha Noi, and Tay Bac. |

In previous years, the Company was a joint venture between BIDV and QBE Insurance (International) Ltd. Since 1 January 2006, following BIDV's acquisition of the entire stakes of QBE in the Company, the Company became a wholly-owned subsidiary of BIDV. Such capital transfer was approved by the Ministry of Finance on 27 December 2005 in the Official Letter No. 16943/BTC-BH. On the same date, the Ministry of Finance has also issued the amended Business License No 11/GPDC4/KDBH approving the change in the Company's name from BIDV-QBE Insurance Company Limited to BIDV Insurance Company.

The Company has a foreign investment of USD 1,530,000 for establishment of Lao – Viet Insurance Joint Venture Company, where the company owns a 51% of the total charter capital, following Foreign Investment Certificate No. 146/BKH/ĐTRNN granted by the Ministry of Investment and Planning on 19 Jun 2008. The operating period for this project is 50 years.

The principal activities of the Company are to provide general insurance products, reinsurance, investing activities and other business operations that are in line with prevailing laws and regulations.

The Company's charter capital was increased from VND 200 billions to VND 500 billions as approved in the fourth amended business license in 2007.

### *Location and branches*

The Company has its head office located at 10$^{th}$ floor, Tower A, Vincom City Towers, 191 Ba Trieu street, Hai Ba Trung district, Hanoi and nineteen (19) branches nationwide.

## RESULTS

The net loss for the year ended 31 December 2008 was VND 76,879,290,967 (the net profit for the year ended 31 December 2007 was VND 14,075,986,586).

## THE BOARD OF DIRECTORS

The members of the Board of Directors during the year and at the date of this report are:

| *Name* | *Position* | *Date of appointment* |
|---|---|---|
| Mr Pham Quang Tung | Director | 29 December 2008 |
| Ms Nguyen Thi Thanh Van | Deputy Director | 28 April 2006 |
| Mr Ton Lam Tung | Deputy Director | 22 September 2008 |
| Mr Tran Trung Tinh | Deputy Director | 22 September 2008 |
| Mr Mai Nguyen Dong | Deputy Director | 22 September 2008 |

## EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to accept reappointment.

## STATEMENT OF THE COMPANY'S MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Company and of its results and cash flows for the year. In preparing those financial statements, the management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Company's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company's management confirms that the Company has complied with the above requirements in preparing the financial statements.

## APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the BIDV Insurance Company as at 31 December 2008 and the results of its operation and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and the Vietnamese Accounting System for Insurance Company and comply with relevant statutory requirements.

CÔNG TY BẢO HIỂM NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Pham Quang Tung
Director

Hanoi, Vietnam

15 February 2009

ERNST & YOUNG

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Reference: 60755012/13540833

# INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors of BIDV Insurance Company**

We have audited the balance sheet of BIDV Insurance Company ("the Company") as at 31 December 2008, and the related income statement and cash flow statement for the year then ended and the notes thereto ("the financial statements") as set out on pages 5 to 38. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

***Basis of opinion***

We conducted our audit in accordance with Vietnamese and International Standards on Auditing applicable in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and the Vietnamese Accounting System for Insurance Company and comply with the relevant statutory requirements.

CHI NHÁNH CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

Ernst & Young Vietnam Ltd.

Ernst & Young Vietnam Limited

Tran Dinh Cuong
General Director
Registered Auditor
Certificate No. 0135/KTV

Tran Thi Thanh Thuy
Auditor-in-charge
Registered Auditor
Certificate No. 0815/KTV

Hanoi, Vietnam

15 February 2009

BALANCE SHEET
as at 31 December 2008

*Currency: VND*

| Code | ASSETS | Notes | Ending balance | Beginning balance |
|---|---|---|---|---|
| **100** | **A. CURRENT ASSETS** | | **1,449,850,583,653** | **502,687,880,193** |
| ***110*** | ***I. Cash and cash equivalents*** | ***4*** | ***24,866,425,912*** | ***26,317,104,433*** |
| 111 | 1. Cash on hand | | 135,049,537 | 101,795,976 |
| 112 | 2. Cash in bank | | 24,731,253,621 | 15,884,970,537 |
| 113 | 3. Cash in transit | | 122,754 | 10,330,337,920 |
| ***120*** | ***II. Short-term investments*** | ***5*** | ***967,173,080,867*** | ***386,220,202,616*** |
| 121 | 1. Short-term investments in securities | | 124,794,504,311 | 80,786,436,714 |
| 128 | 2. Other short-term investments | | 902,509,310,000 | 310,583,420,000 |
| 129 | 3. Provision for impairment of short-term investments | | (60,130,733,444) | (5,149,654,098) |
| ***130*** | ***III. Accounts receivable*** | ***6*** | ***447,369,514,866*** | ***85,633,527,448*** |
| 131 | 1. Trade receivables | | 151,161,093,723 | 81,938,354,318 |
| 138 | 2. Other receivables | | 305,996,677,389 | 11,345,038,766 |
| 139 | 3. Allowance for doubtful debts | | (9,788,256,246) | (7,649,865,636) |
| ***150*** | ***IV. Other current assets*** | | ***10,441,562,008*** | ***4,517,045,696*** |
| 151 | 1. Advances | | 4,861,347,445 | 4,243,716,069 |
| 152 | 2. Prepaid expenses | | 549,329,626 | 273,329,627 |
| 154 | 3. Receivable from State Budget | 22.2 | 5,030,884,937 | - |
| **200** | **B. NON-CURRENT ASSETS** | | **296,256,141,824** | **217,332,201,107** |
| ***210*** | ***I. Fixed assets*** | ***7*** | ***6,275,566,361*** | ***5,458,670,807*** |
| 211 | 1. Tangible fixed assets | 7.1 | 6,245,103,142 | 5,409,708,499 |
| 212 | Cost | | 19,605,566,491 | 15,324,161,588 |
| 213 | Accumulated depreciation | | (13,360,463,349) | (9,914,453,089) |
| 217 | 2. Intangible fixed assets | 7.2 | 30,463,219 | 48,962,308 |
| 218 | Cost | | 56,057,850 | 56,057,850 |
| 219 | Accumulated depreciation | | (25,594,631) | (7,095,542) |
| ***220*** | ***II. Long-term investments*** | ***8*** | ***283,133,660,763*** | ***205,873,530,300*** |
| 221 | 1. Long-term securities investments | | 146,100,175,377 | 80,736,000,000 |
| 222 | 2. Investments in associates, joint ventures | | 26,600,580,000 | - |
| 228 | 3. Other long-term investments | | 129,269,216,663 | 125,137,530,300 |
| 229 | 4. Provision for long-term investment | | (18,836,311,277) | - |
| ***240*** | ***III. Long-term deposits*** | | ***6,846,914,700*** | ***6,000,000,000*** |
| | 1. Compulsory deposits | 9 | 6,000,000,000 | 6,000,000,000 |
| | 2. Long-term prepaid expense | | 406,693,380 | |
| | 3. Long-term collateral and deposits | | 440,221,320 | |
| **250** | **TOTAL ASSETS** | | **1,746,106,725,477** | **720,020,081,300** |

BALANCE SHEET (continued)
as at 31 December 2008

*Currency: VND*

| Code | RESOURCES | Notes | Ending balance | Beginning balance |
|---|---|---|---|---|
| **300** | **A. TOTAL LIABILITIES** | | **1,302,666,587,299** | **199,665,519,971** |
| ***310*** | ***I. Current liabilities*** | | ***1,143,659,232,093*** | ***106,210,092,302*** |
| 313 | 1. Trade payables | 10 | 126,686,717,218 | 74,689,544,490 |
| 315 | 2. Statutory obligations | 11 | 5,267,939,163 | 3,090,718,226 |
| 318 | 3. Other payables | 12 | 1,011,704,575,712 | 28,429,829,586 |
| ***320*** | ***II. Long term liabilities*** | | ***195,086,574*** | ***161,424,000*** |
| 323 | 1. Termination allowance | | 195,086,574 | 161,424,000 |
| ***330*** | ***III. Reserves*** | ***13*** | ***158,812,268,632*** | ***93,294,003,669*** |
| 331 | 1. Unearned premium reserve | 13.1 | 85,370,373,315 | 60,942,840,158 |
| 333 | 2. Claim reserve | 13.2 | 63,488,924,169 | 26,962,935,511 |
| 334 | 3. Catastrophe reserve | 13.3 | 9,952,971,148 | 5,388,228,000 |
| **400** | **B. OWNERS' EQUITY** | **14** | **443,440,138,178** | **520,354,561,329** |
| ***410*** | ***I. Capital*** | | ***442,408,397,915*** | ***520,150,331,329*** |
| 411 | 1. Contributed legal capital | | 500,000,000,000 | 500,000,000,000 |
| 414 | 2. Investment and Development fund | | 15,315,454,230 | 16,602,481,630 |
| 418 | 3. Accumulated profit | | (76,277,631,914) | - |
| 420 | 4. Other funds | | 3,370,575,599 | 3,547,849,699 |
| ***430*** | ***II. Other capital, funds*** | | ***1,031,740,263*** | ***204,230,000*** |
| 431 | 1. Bonus, welfare fund | | 1,031,740,263 | 204,230,000 |
| **430** | **TOTAL LIABILITIES AND OWNERS' EQUITY** | | **1,746,106,725,477** | **720,020,081,300** |

**OFF BALANCE SHEET ITEMS**

| ITEMS | Ending balance | Beginning balance |
|---|---|---|
| 1. Doubtful debts written off | 286,595,000 | 286,595,000 |
| 2. Foreign currencies | | |
| - United States dollar (US$) | 100,554.44 | 98,996.45 |
| - Euro (EUR) | 5,401.11 | - |
| 3. Trusted investment | 17,185,600,000 | - |

CÔNG TY BẢO HIỂM NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Vu Van Ve
Deputy Manager of Financial Accounting Department

Pham Quang Tung
Director

15 February 2009

INCOME STATEMENT
for the year ended 31 December 2008

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Current year* | *Previous year* |
|---|---|---|---|---|
| 01 | **Gross written premium** | 15.1 | **269,262,056,154** | **147,922,924,601** |
| 02 | **Reinsurance premium assumed** | 18.1 | **27,107,200,945** | **15,445,181,983** |
| 03 | **Deductions** | | **(144,211,152,188)** | **(80,363,353,742)** |
| 04 | Reinsurance premium ceded | 18.2 | (140,782,770,549) | (80,363,353,742) |
| 05 | Return, deduction premium | | (3,428,381,639) | - |
| 08 | **Increase in unearned premium reserve** | | **(24,307,762,803)** | **(35,235,412,765)** |
| 09 | **Commissions on reinsurance ceded** | | **40,857,053,847** | **22,283,166,256** |
| 10 | **Other income** | | **733,106,346** | **100,300,515** |
| 13 | Income from other activities | | 733,106,346 | 100,300,515 |
| 14 | **Total operating revenue** | | **169,440,502,301** | **70,152,806,848** |
| 15 | **Claim expenses** | 17.1 | **(73,279,978,345)** | **(15,376,652,534)** |
| 16 | **Claim expenses for reinsurance assumed** | 17.2 | **(752,139,279)** | **(608,626,073)** |
| 17 | **Recoveries from reinsurance ceded** | 17.3 | **28,778,893,555** | **7,739,733,615** |
| 21 | **Claim expenses on retained risks** | | **(45,253,224,069)** | **(8,245,544,992)** |
| 23 | **Increase on claim reserve** | | **(36,320,916,081)** | **(17,607,719,435)** |
| 24 | **Provision for catastrophes reserve charged to current year's expense** | | **(4,564,743,148)** | **(830,048,000)** |
| 25 | **Other operating expenses** | | **(49,206,297,805)** | **(19,093,861,892)** |
| 26 | Other underwriting expenses | | (19,922,483,187) | (11,884,903,620) |
| 35 | Commissions expense | | (25,433,035,803) | (4,115,483,272) |
| 40 | Direct expenses of other activities | | (3,850,778,815) | (3,093,475,000) |

INCOME STATEMENT (continued)
for the year ended 31 December 2008

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Current year* | *Previous year* |
|---|---|---|---|---|
| **41** | **Total direct operating expenses** | | **(135,345,181,103)** | **(45,777,174,319)** |
| **42** | **Gross operating income** | | **34,095,321,198** | **24,375,632,529** |
| **44** | **Administration expense** | **19** | **(71,877,055,064)** | **(39,277,012,000)** |
| **45** | **Net operating income** | | **(37,781,733,866)** | **(14,901,379,471)** |
| 46 | Financial income | 15.2 | 71,022,518,033 | 40,482,706,919 |
| 50 | Financial expense | 16 | (110,322,997,827) | (7,010,918,252) |
| **51** | **Net financial income** | | **(39,300,479,794)** | **33,471,788,667** |
| 52 | Other income | 20 | 400,618,654 | 144,695,993 |
| 53 | Other expenses | 20 | (197,695,961) | (13,721,360) |
| **54** | **Net other income** | **20** | **202,922,693** | **130,974,633** |
| **55** | **(Loss)/profit before tax** | | **(76,879,290,967)** | **18,701,383,829** |
| 60 | Enterprise income tax | 22.1 | - | (4,625,397,243) |
| **61** | **(Loss)/profit after tax** | | **(76,879,290,967)** | **14,075,986,586** |

CÔNG TY BẢO HIỂM NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Vu Van Ve
Deputy Manager of Financial Accounting Department

Pham Quang Tung
Director

15 February 2009

CASH FLOW STATEMENT
for the year ended 31 December 2008

*Currency: VND*

| Code | ITEMS | Notes | Current year | Previous year |
|---|---|---|---|---|
| | **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| 01 | **Net (loss)/profit before tax** | | **(76,879,290,967)** | **18,701,383,829** |
| | Adjustments for: | | | |
| 02 | Depreciation and amortisation | 7 | 2,403,630,321 | 1,274,651,513 |
| 03 | Provisions | | 141,474,046,196 | 61,164,651,459 |
| 04 | Unrealised foreign exchange loss | | 321,171,801 | - |
| 05 | Profits from investing activity | | (36,096,004,250) | (35,401,569,391) |
| 07 | Interest expense | 16 | 1,706,256 | 1,990,497,942 |
| 08 | **Operating income before changes in working capital** | | **31,225,259,357** | **47,729,615,352** |
| 09 | Increase in receivables | | (363,874,378,028) | (63,646,624,741) |
| 11 | Increase in payables | | 1,036,961,278,180 | 86,699,657,568 |
| 12 | Increase in prepaid expense | | (682,693,380) | (2,871,444,503) |
| 13 | Interest expense paid | | (1,706,256) | (1,990,497,942) |
| 14 | Enterprise income tax paid | | (4,905,886,472) | (7,427,358,266) |
| 15 | Receivable from other activities | | (1,092,984,880) | 4,000,000,000 |
| 20 | **Net cash inflows from operating activities** | | **697,628,888,521** | **62,493,347,468** |
| | **II. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| 21 | Purchase of fixed assets | | (3,220,525,875) | (184,974,685,211) |
| 23 | Purchase of investment securities | | (751,035,867,451) | (162,443,530,300) |
| 24 | Interest received | | 55,101,472,364 | 36,303,788,778 |
| 30 | **Net cash outflows from investing activities** | | **(699,154,920,962)** | **(311,114,426,733)** |

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2008

*Currency: VND*

| Code | ITEMS | Notes | Current year | Previous year |
|---|---|---|---|---|
| | **III. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| 31 | Capital contribution | | - | 300,000,000,000 |
| 32 | Other funds | | - | (1,123,702,455) |
| 34 | Loan repayment | | - | (40,000,000,000) |
| 35 | Interest paid | | - | - |
| **40** | **Net cash inflows from financing activities** | | **-** | **258,876,297,545** |
| **50** | **Net cash flows** | | **(1,526,032,441)** | **10,255,218,279** |
| **60** | **Cash and cash equivalents at the beginning of the year** | | **26,317,104,433** | **16,059,620,564** |
| **61** | **Impact of exchange rate fluctuation** | | **75,353,920** | **2,265,590** |
| **70** | **Cash and cash equivalents at the end of the year** | **4** | **24,866,425,912** | **26,317,104,433** |

CÔNG TY BẢO HIỂM NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Vu Van Ve
Deputy Manager of Financial Accounting Department

Pham Quang Tung
Director

15 February 2009

## 1. CORPORATE INFORMATION

BIDV Insurance Company ("the Company") is a wholly–owned subsidiary of the Bank for Investment and Development of Vietnam ("BIDV") – a state owned commercial bank incorporated in Vietnam. The Company operates under Business License No 11GP/KDBH granted by the Ministry of Finance which is effective from 10 April 2006 for the period of 89 years, and the following Amended Business Licenses:

| *Amended Business License No* | *Date of issuance* | *Primary changes* |
|---|---|---|
| 11/GPDC1/KDBH | 10 May 2006 | Establishment of three branches in Hai Phong, Nghe An and Da Nang |
| 11/GPDC2/KDBH | 27 September 2006 | Establishment of five branches in Binh Dinh, DakLak, Dong Nai, Ba Ria - Vung Tau and Can Tho |
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| 11/GPDC5/KDBH | 22 August 2008 | Establishment of seven branches in Binh Duong, Khanh Hoa, Bac Tay Nguyen, Dong Bac, Thai Nguyen, Tay Ha Noi and Tay Bac. |

In previous years, the Company was a joint venture between BIDV and QBE Insurance (International) Ltd. Since 1 January 2006, following the acquisition of BIDV of the entire stakes of QBE in the Company, the Company became a wholly-owned subsidiary of BIDV. Such capital transfer was approved by the Ministry of Finance on 27 December 2005 in the Official Letter No. 16943/BTC-BH. On the same date, the Ministry of Finance has also issued the amended Business License No 11/GPDC4/KDBH approving the change in the Company's name from BIDV-QBE Insurance Company Limited to BIDV Insurance Company.

The Company made a foreign investment worth of USD 1,530,000 for establishment of Lao – Viet Insurance Joint Venture Company, where the Company owns a 51% of the total charter capital, following Foreign Investment Certificate No. 146/BKH/ĐTRNN granted by the Ministry of Investment and Planning on 19 Jun 2008. The operating period for this project is 50 years.

The principal activities of the Company are to provide general insurance products, reinsurance, investing activities and other business operations that are in line with prevailing laws and regulations.

The members of the Board of Directors during the financial year and at the date of this report are:

| *Name* | *Position* | *Date of appointment* |
|---|---|---|
| Mr Pham Quang Tung | Director | 29 December 2008 |
| Ms Nguyen Thi Thanh Van | Deputy Director | 28 April 2006 |
| Mr Ton Lam Tung | Deputy Director | 22 September 2008 |
| Mr Tran Trung Tinh | Deputy Director | 22 September 2008 |
| Mr Mai Nguyen Dong | Deputy Director | 22 September 2008 |

## 1. CORPORATE INFORMATION (continued)

The Company has its head office located at 10th floor, Tower A, Vincom City Towers, 191 Ba Trieu street, Hai Ba Trung district, Hanoi and nineteen (19) branches nationwide.

The total of employees as at 31 December 2008 is 354, including 108 managers (2007: 82 managers).

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The financial statements of the Company, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System for Insurance Companies issued by the Ministry of Finance in Decision 1296 TC/QD/CDKT dated 31 December 1996 and Decision 150/2001/QD-BTC dated 31 December 2001 on amended accounting policies for insurance enterprises and in accordance with Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying balance sheet, related income statement and cash flow statement and their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 2.2 *Registered accounting documentation system*

The registered accounting documentation system is the journal ledger system.

### 2.3 *Fiscal year*

The Company's fiscal year starts on 1 January and ends on 31 December.

### 2.4 *Accounting currency*

The Company maintains its accounting records in Vietnam dong ("VND").

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *3.1 Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with an original maturity of three months or less which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### *3.2 Investments*

*Short-term investments* comprise investment in listed and over-the-counter (OTC) shares, coporate bonds, term deposits at banks, which are matured within 12 months or intended to be held for not more than one year.

*Long-term investments* include bonds, investment in associates and joint-venture, trusted investment in securities and other equity investments, which are intended to be held for more than one year.

*Allowance for diminution of investments*

Primary source of reference for impairment provisioning is Circular 13/2006/TT-BTC dated 27 February 2006 issued by the Ministry of Finance ("MOF") as the Standard setter in the Socialist Republic of Vietnam.

Listed shares

For financial assets which include investment in listed shares that are carried at cost in accordance with Vietnamese Accounting Standards, if there is objective evidence that an impairment loss on a listed share that is carried at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the closing market value as of the balance sheet date as per the formula given in the Circular 13/2006/TT-BTC dated 27 February 2006 issued by the Ministry of Finance ("MOF"), given below is the formula to calculate the impairment provision for quoted securities.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provision for diminution of individual stock | (=) | Quantity of diminution stock as at 31 Dec | (x) | ( Security Price in accounting book | - | Closing price as at 31 December 2008 | ) |

Over-the-counter shares (OTC)

For the OTC shares, following methods were used in calculating the fair value in order to compare with the cost recorded in the financial statements in an effort to determine the amount of impairment loss.

Obtained price quotations for individual OTC investments from largest security companies operating in Vietnam, and calculated the average market quotations for each OTC share investments from the quotations obtained. Compared such average of individual OTC security and comparing them with the value recorded in the books. Thereby created the provision for the impairment in the books where the market value of the OTC investments is less than the cost recorded in the books.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2 *Investments (continued)*

Equity investment in other entities

For capital amounts invested by the enterprise in economic organizations and other long-term investments, a provision was set up if economic organizations in which the enterprise is investing suffer from loss (except where such loss is already planned in their business plans before investment).

The level of provision for each financial investment to be set up shall be at most equal to the capital amount already invested and calculated according to the following formula:

$$\text{Level of provision for loss of financial investments} = \left(\text{Parties' actual capital contributions to the economic organization} - \text{Actual own capital}\right) \times \frac{\text{Investment capital of the enterprise}}{\text{Parties' total actual capital contribution to the economic organization}}$$

The basis for setting up the provision is the positive difference between the parties' actual capital contributions and the actual own capital at the time of making the economic organization's financial statement.

### 3.3 *Receivables*

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, along with the allowance for doubtful debts.

The allowance for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the allowance balance are recorded as general and administrative expense in the income statement.

The Company uses the provision policy regulated by the Ministry of Finance in Circular 13/2006/TT-BTC dated 27 February 2006. Details are as follows:

| *Receivables aging* | *Allowance rate* |
|---|---|
| From 3 months to less than one year | 30% |
| From one to two years | 50% |
| From two to three years | 70% |
| Over three years | 100% |

### 3.4 *Uses of estimate*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 *Technical Reserves*

The reserves of the Company include: unearned premium reserve, claim reserve and catastrophe reserve. The calculation methods for reserves are in accordance with Circular 156/2007/TT-BTC dated 20 December 2007 issued by the Ministry of Finance.

Details on the reserve calculation methods are as follows:

*Unearned premium reserve*

Since 2004, the Company applied the daily basis to calculate unearned premium reserve for all types of insurance and reinsurance businesses. This method is in accordance with Official Letter No. 15383/TC-BH dated 27 December 2004 approved by Ministry of Finance.

*Claim reserve*

Include reserve for outstanding claims and for claims incurred but not reported ("IBNR")

*Outstanding claim reserve:* established based on the estimated claim payments for each claim, for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, after deducting the amount recoverable from reinsurers.

*Reserve for incurred but not reported claims for which the insurer is liable ("IBNR reserve"):* is established based on the formula in Circular 156/2007/TT-BTC issued by the Ministry of Finance on 20 December 2007.

*Catastrophe reserve:* is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is calculated at 3% of retained premiums.

On 28 December 2005, the Ministry of Finance issued Decision 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19 – Insurance Contract. Following the issuance of this Standard, the provision of catastrophe reserve is no longer required, starting from January 2006. However, the Company still maintains this reserve for reason of compliance with the Circular 156/2007/TT-BTC issued by the Ministry of Finance on 20 December 2007 on financial regimes for insurance business.

### 3.6 *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation.

The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement. When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 *Depreciation and amortisation*

Depreciation and amortisation of tangible and intangible fixed assets is calculated on a straight-line basis over the estimated useful lives of these assets, which are as follows:

| | |
|---|---|
| Motor vehicles | 17% |
| Office equipment and furniture | 20% |
| Communication equipment | 33% |

### 3.8 *Leased assets*

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

### 3.9 *Foreign currency transactions*

Transactions in foreign currencies other than Company's reporting currency of VND are recorded at exchange rates ruling at the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currency are revaluated at inter-bank exchange rates ruling at the balance sheet date (31 December 2008: US$1 equals VND16,977). All realised and unrealised foreign exchange differences are taken to the income statement.

### 3.10 *Payable and accrual*

Payable and accrual are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Company.

### 3.11 *Employee benefits*

*Post employment benefits*

Post employment benefits are paid to retired employees of the Company by the social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to contribute to these post employment benefits by paying social insurance premiums to the social insurance agency at the rate of 15% of employee basic salaries on a monthly basis. The Company has no further obligation concerning post employment benefits for its employees other than this.

*Voluntary resignation benefits*

The Company has the obligation, under Section 42 of the Labour Code amended on 2 April 2002, to pay an allowance to voluntarily resigning employees, equal to half of one-month's basic salary for each year of employment plus wage allowances (if any); and

*Retrenchment benefits*

The Company has the obligation, under Section 17 of the Labour Code, to pay an allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such cases, the Company shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one-month's salary for each year of employment, but no less than two months' salary.

Although the obligations under Sections 17 and 42 are compulsory, the implementation of these Sections is subject to detailed guidance as issued by the Ministry of Finance in implementing circulars. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and the following Circular 82/2003/TT-BTC dated 14 August 2003 by the Ministry of Finance, which superseded Circular 64, the Company is currently providing for the retrenchment allowance at 1% p.a. of the basic salary of the employees.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.11 *Employee benefits (continued)*

From 1 January 2009, in accordance with the new regulations of Law on Social Insurance No. 71/2006/QH11 dated 29 June 2006, voluntary resignation benefits and retrenchment benefits will be replaced by severance allowances. Up to now, there have been no detail guidance on recording and setting up provision for this type of allowance, and the Company has not yet adjusted the method of providing and recording the above severance allowances.

### 3.12 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Gross written premium*

Gross written premiums are recognized as revenue at the point of time when insurance liability arises. Insurance liability shall arise when an insurance contract has been entered into or when there is proof that the insurer has agreed to insure and the purchaser of insurance has paid the insurance premium, unless otherwise agreed in the insurance contract.

Circular 156/2007/TT-BTC issued by the Ministry of Finance on 20 December 2007 stipulates that if the Company and its customers mutually agree a method of insurance premium payment on an instalment basis, only the insurance premium which is due in accordance with the instalment contract shall be taken to revenue for the year. This policy is also in line with the Company's revenue recognition policy.

*Inward reinsurance premium*

Inward reinsurance premium assumed is recognized as income at the point of time when the Company assumes the insurance risks from cedant.

*Reinsurance recovery from outward reinsurance*

Reinsurance recovery is recognized on an accrual basis.

*Commission income*

Commission income is recognized on an accrual basis and based on outward reinsurance premium ceded.

### 3.13 *Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

### 3.14 *Dividends*

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.15 *Expense recognition*

*Outward reinsurance premium*

Outward reinsurance premium ceded is recognized as expense on an accrual basis and based on gross written premiums and reinsurance arrangements.

*Claim expense*

Claim expense is recognized when the claim file is completed and approved by authorized person. Any claim that is not yet approved by authorized persons is considered as outstanding claims and included in outstanding claim reserve.

*Commission expense*

Commission expense is recognized on an accrual basis and based on gross written premiums and inward reinsurance assumed. No commissions are deferred.

### 3.16 *Taxation*

*Current income tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

*Deferred tax*

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward of unused tax credit and unused tax losses can be utilised, except :

- where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Deferred tax* (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognised deferred income tax assets are re assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity.

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

***Corresponding figures***

Certain figures are reclassified in order to conform to current year's presentation.

## 4. CASH AND CASH EQUIVALENTS

| | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Cash on hand | 135,049,537 | 101,795,976 |
| *In which:* | | |
| *VND* | *135,049,537* | *101,795,976* |
| Cash in banks | 24,731,253,621 | 15,884,970,537 |
| *In which:* | | |
| *VND* | *22,889,955,716* | *14,773,161,742* |
| *Foreign currency* | *1,841,297,905* | *1,111,808,795* |
| Cash in transit | 122,754 | 10,330,337,920 |
| | **24,866,425,912** | **26,317,104,433** |

## 5. SHORT-TERM INVESTMENT

| | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Short-term securities investments | 124,794,504,311 | 80,786,436,714 |
| *Listed shares* | *72,539,254,311* | *75,235,916,714* |
| *Non-listed shares* | *42,251,250,000* | *5,550,520,000* |
| *Corporate bonds* | *10,004,000,000* | - |
| Other short-term investments | 902,509,310,000 | 310,583,420,000 |
| *Term deposits in VND* | *902,000,000,000* | *303,000,000,000* |
| *Term deposits in USD* | *509,310,000* | *483,420,000* |
| *Trusted investments* | - | *7,100,000,000* |
| Allowance for diminution of short-term investments value | (60,130,733,444) | (5,149,654,098) |
| **Net value of short-term investments** | **967,173,080,867** | **386,220,202,616** |

Short-term securities investments are bonds, listed or over the counter shares of other entities.

Other short-term investments are term deposits at banks including deposits denominated in VND and USD in branches/head offices in BIDV banking system and other banks and financial corporations. Short-term deposits denominated in VND have due date less than one (1) year and earn interest at rates from 14% p.a. to 14.67% p.a. (2007: 6.96% p.a. to 9.6% p.a.). Short-term deposits denominated in foreign currencies ("FC") have due date under one (1) year and earn interest at rate of 6.9% p.a. (2007: 4.25 % p.a).

Allowance for diminution of short-term investments value comprises allowance for downward valuation of shares and was provided for in accordance with Circular 13/2006/TT-BTC issued by Ministry of Finance on 27 February 2006 and with the Company's accounting policy set out in Note 3.2.

## 6. ACCOUNT RECEIVABLES

| | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Trade receivables | 151,161,093,723 | 81,938,354,318 |
| *Gross premium written receivables* | *62,494,020,665* | *37,100,668,530* |
| *Reinsurance assumed receivables* | *11,097,372,965* | *6,801,977,415* |
| *Reinsurance ceded receivables* | *58,426,845,748* | *26,839,494,909* |
| *Other trade receivables* | *874,776,939* | - |
| *Advance to suppliers* | *2,010,764,573* | - |
| *Accrued interest* | *16,257,312,833* | *11,196,213,464* |
| Receivables from BIDV | 3,222,000,000 | 1,703,304,718 |
| Receivables from investment trusted to BSC | 300,000,000,000 | - |
| Other receivables | 2,774,677,389 | 9,641,734,048 |
| **Total receivables** | **457,157,771,112** | **93,283,393,084** |
| Allowance for doubtful debts | (9,788,256,246) | (7,649,865,636) |
| **Net trade and other receivables** | **447,369,514,866** | **85,633,527,448** |

## 7. FIXED ASSETS

### 7.1 *Tangible fixed assets*

| | *Computers* | *Motor vehicles* | *Office equipment and other* | *Total* |
|---|---|---|---|---|
| | *VND* | *VND* | *VND* | *VND* |
| **Cost:** | | | | |
| Beginning balance | 3,330,024,784 | 10,815,577,074 | 1,178,559,730 | 15,324,161,588 |
| Additions | 1,538,971,327 | 2,565,314,115 | 177,119,461 | 4,281,404,903 |
| *In which:* | | | | |
| *Newly purchased* | *862,472,008* | *1,000,445,074* | *177,119,461* | *2,040,036,543* |
| *Transfer from parent company* | *676,499,319* | *1,564,869,041* | - | *2,241,368,360* |
| Ending balance | 4,868,996,111 | 13,380,891,189 | 1,355,679,191 | 19,605,566,491 |
| *In which:* | | | | |
| *Fully depreciated* | *835,598,413* | *8,179,859,372* | *245,560,556* | *9,261,018,341* |
| **Accumulated depreciation:** | | | | |
| Beginning balance | (1,572,953,550) | (7,934,865,359) | (406,634,180) | (9,914,453,089) |
| Charge for the year | (1,628,852,108) | (1,608,383,773) | (208,774,379) | (3,446,010,260) |
| *In which:* | | | | |
| *Depreciated in the year* | *(1,365,466,980)* | *(810,889,873)* | *(208,774,379)* | *(2,385,131,232)* |
| *Transfer from parent company* | *(263,385,128)* | *(797,493,900)* | - | *(1,060,879,028)* |
| Ending balance | (3,201,805,658) | (9,543,249,132) | (615,408,559) | (13,360,463,349) |
| **Net book value:** | | | | |
| Beginning balance | 1,757,071,234 | 2,880,711,715 | 771,925,550 | 5,409,708,499 |
| Ending balance | 1,667,190,453 | 3,837,642,057 | 740,270,632 | 6,245,103,142 |

## 7. FIXED ASSETS (continued)

### 7.2. *Intangible fixed assets*

| | *Software VND* | *Total VND* |
|---|---|---|
| **Cost:** | | |
| Beginning balance | 56,057,850 | 56,057,850 |
| Additions | - | - |
| Ending balance | 56,057,850 | 56,057,850 |
| **Accumulated depreciation:** | | |
| Beginning balance | (7,095,542) | (7,095,542) |
| Charge for the year | (18,499,089) | (18,499,089) |
| *In which:* | | |
| *Depreciated in the year* | *(18,499,089)* | *(18,499,089)* |
| Ending balance | (25,594,631) | (25,594,631) |
| **Net book value:** | | |
| Beginning balance | 48,962,308 | 48,962,308 |
| Ending balance | 30,463,219 | 30,463,219 |

## 8. LONG-TERM INVESTMENTS

Details of the Company's long term investments as at 31 December 2008 are as follows:

| | *Notes* | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|---|
| 1. Long term securities investment | | 146,100,175,377 | 80,736,000,000 |
| *Bonds* | *8.1* | *146,100,175,377* | *80,736,000,000* |
| 2. Investment in associates, joint-ventures | | 26,600,580,000 | - |
| *Investment in BIDV Energy* | | *844,560,000* | - |
| *Investment in Lao-Viet Insurance* | *8.2* | *25,756,020,000* | - |
| 3. Other long-term investments | | 129,269,216,663 | 125,137,530,300 |
| *Trusted investment in securities* | *8.3* | *56,287,816,663* | *56,040,530,300* |
| *Other equity investments* | *8.4* | *72,981,400,000* | *69,097,000,000* |
| 4. Provision for long-term investment | 8.5 | (18,836,311,277) | - |
| **Net value of long-term investments** | | **283,133,660,763** | **205,873,530,300** |

## 8. LONG-TERM INVESTMENTS (continued)

### 8.1 *Bonds*

Bonds issued by the Government, financial institutions and other corporations are detailed as follows (as at 31 December 2008):

| *Bond* | *Maturity* | *Interest rate (p.a)* | *Amount VND* |
|---|---|---|---|
| Listed bonds | | | |
| Government bonds | from 3-5 year | 8.40% | 31,195,074,266 |
| Unlisted bonds | | | |
| Song Da Corporation | from 3-5 year | 17.75% | 30,000,000,000 |
| Viet Nam Electricity Construction Corporation | 6 years | 10.15% | 10,000,000,000 |
| Vincom JSC | 6 years | 10.30% | 20,000,000,000 |
| Saigon Trading Group | 6 years | 9.60% | 10,000,000,000 |
| Electricity of Vietnam | 5 years | 9.70% | 44,905,101,111 |
| | | | **146,100,175,377** |

### 8.2 *Investment in Lao-Viet Insurance (LVI)*

The Company made a foreign investment worth of USD 1,530,000 for establishment of Lao – Viet Insurance Joint Venture Company, where the Company owns a 51% of the total charter capital, following Foreign Investment Certificate No. 146/BKH/ĐTRNN granted by the Ministry of Investment and Planning on 19 Jun 2008. The operating period for this project is 50 years. The investment is recorded using cost method as the Company does not have controlling interest at Lao-Viet Insurance.

### 8.3 *Trusted investment in securities*

This is the Company's trusted investment through Bank of Investment and Development of Vietnam, Quang Trung branch for purchasing PetroVietnam Fertilizer and Chemicals Corporation's shares.

### 8.4 *Other equity investment*

Other equity investments are detailed as follows (as at 31 December 2008):

| | *Number of shares* | *Unit cost* | *Amount VND* |
|---|---|---|---|
| Hoang Anh Dak Lak JSC | 500,000 | 10,000 | 5,000,000,000 |
| Vincom Securities JSC | 1,500,000 | 10,000 | 15,000,000,000 |
| BIDV Finance Investment | 3,281,440 | 10,000 | 32,814,400,000 |
| Vinashin Beer JSC | 16,700 | 10,000 | 167,000,000 |
| Viet Nam Industry Energy Fund Management JSC | 10,000 | 1,000,000 | 10,000,000,000 |
| VINACONEX – VIETTEL Finance JSC | 1,000,000 | 10,000 | 10,000,000,000 |
| | | | **72,981,400,000** |

## 8. LONG-TERM INVESTMENTS (continued)

### *8.5 Provision for long-term investments*

Provision for long-term investment comprises provision for equity investment in economic organizations which incurred losses in the year 2008 and was provided for in accordance with Circular 13/2006/TT-BTC issued by Ministry of Finance on 27 February 2006 and with the Company's accounting policy set out in Note 3.2.

## 9. COMPULSORY DEPOSITS

Insurance deposit is deposit denominated in VND in Vietnam – Russia Bank. Under the prevailing regulation, the Company has to maintain statutory insurance deposit equivalent to 2% of its legal capital.

## 10. TRADE PAYABLES

| | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Trade payables | | |
| Direct insurance payable | 10,003,493,018 | 4,628,891,533 |
| Inward reinsurance payable | 1,413,673,684 | 1,871,819,262 |
| Outward reinsurance premium payable | 113,253,554,954 | 68,188,833,695 |
| Paid in advance from customers | 1,606,327,228 | - |
| Other trade payables | 409,668,334 | - |
| | **126,686,717,218** | **74,689,544,490** |

## 11. STATUTORY OBLIGATIONS

| | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Taxes | | |
| Value added tax | 4,686,121,071 | 2,634,408,148 |
| Enterprise income tax | - | 228,029,015 |
| Other taxes | 581,818,092 | 228,281,063 |
| | **5,267,939,163** | **3,090,718,226** |

Other taxes include the withholding tax of VND 251,217,253 and PIT of VND 330,600,839.

## 12. OTHER PAYABLES

| | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Payable to BIDV on trusted investment | 1,000,000,000,010 | - |
| Payable to BIDV for investment trust interest | 1,131,944,444 | - |
| Other payables | 10,572,631,258 | 28,429,829,586 |
| | **1,011,704,575,712** | **28,429,829,586** |

## 13. RESERVES

### 13.1 *Unearned premium reserve*

| *Product category* | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 8,644,142,289 | 4,310,579,316 |
| Property and Damages Insurance | 27,303,750,452 | 24,990,976,244 |
| Cargo Insurance | 2,448,565,775 | 1,449,931,562 |
| Automobile Insurance | 37,499,216,525 | 24,011,343,058 |
| Fire Insurance | 5,753,400,415 | 3,775,892,082 |
| Liability Insurance | 461,280,848 | 358,720,601 |
| Business risk Insurance | 141,125,866 | 42,772,570 |
| Others | 3,118,891,145 | 2,002,624,725 |
| | **85,370,373,315** | **60,942,840,158** |

### 13.2 *Claim reserves*

| *Product category* | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 5,851,749,654 | 681,051,463 |
| Property and Damages Insurance | 27,289,600,885 | 11,679,889,651 |
| Cargo Insurance | 1,227,777,686 | 854,999,124 |
| Automobile Insurance | 26,280,291,809 | 7,095,924,245 |
| Fire Insurance | 1,449,232,829 | 1,418,662,139 |
| Liability Insurance | 16,929,683 | 12,870,317 |
| Business risk Insurance | 278,392,241 | 1,128,664 |
| Others | 1,094,949,382 | 5,218,409,908 |
| | **63,488,924,169** | **26,962,935,511** |

Claim reserves include outstanding claim reserves and reserves for claims incurred but not reported as at 31 December 2008.

The outstanding claim reserves as at 31 December 2008 are VND 49,182,811,514 in which the claims payable for policy holders are VND 105,795,245,810 and the reinsurance recoveries are VND 56,612,434,296.

The reserves for claims incurred but not reported are VND 14,306,112,655.

## 13. RESERVES (continued)

### *13.3 Catastrophe reserves*

| *Product category* | *Ending balance VND* | *Beginning balance VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 667,855,742 | 169,235,158 |
| Property and Damages Insurance | 3,904,593,260 | 2,864,842,174 |
| Cargo Insurance | 659,908,671 | 347,265,722 |
| Automobile Insurance | 3,340,533,850 | 1,231,791,209 |
| Fire Insurance | 864,884,894 | 497,694,322 |
| Liability Insurance | 162,412,560 | 127,327,055 |
| Business Risk Insurance | 35,397,785 | 27,744,283 |
| Others | 317,384,386 | 122,328,077 |
| | **9,952,971,148** | **5,388,228,000** |

## 14. OWNERS' EQUITY

| | *Contributed chartered capital* | *Investment & Development fund* | *Financial reserve fund* | *Statutory reserve fund* | *Bonus , welfare fund* | *Undistributed after-tax profits* | *Other fund* | *Total* |
|---|---|---|---|---|---|---|---|---|
| | *VND* | *VND* | *VND* | *VND* | *VND* | *VND* | *VND* | *VND* |
| **Previous year:** | | | | | | | | |
| Beginning balance | 200,000,000,000 | 773,846,676 | - | - | - | 9,576,344,743 | - | 210,350,191,419 |
| - Increase in capital | 300,000,000,000 | - | - | - | - | - | - | 300,000,000,000 |
| - Profit for the year | - | - | - | - | - | 14,075,986,586 | - | 14,075,986,586 |
| - Appropriation of profit | - | 16,602,481,630 | 2,365,233,133 | 1,182,616,566 | 3,502,000,000 | (23,652,331,329) | - | - |
| - Utilization of funds | - | (773,846,676) | - | - | (3,297,770,000) | - | - | (4,071,616,676) |
| Ending balance | 500,000,000,000 | 16,602,481,630 | 2,365,233,133 | 1,182,616,566 | 204,230,000 | - | - | 520,354,561,329 |
| **Current year:** | | | | | | | | |
| Beginning balance (restated) | 500,000,000,000 | 16,602,481,630 | 2,365,233,133 | 1,182,616,566 | 204,230,000 | 601,659,053 | - | 520,956,220,382 |
| - Loss for the year | - | - | - | - | - | (76,879,290,967) | - | (76,879,290,967) |
| - Increase during the year | - | - | - | - | 827,510,263 | - | 49,142,500 | 876,652,763 |
| - Utilization of funds | - | (1,287,027,400) | (150,944,400) | (75,472,200) | - | - | - | (1,513,444,000) |
| Ending balance | 500,000,000,000 | 15,315,454,230 | 2,214,288,733 | 1,107,144,366 | 1,031,740,263 | (76,277,631,914) | 49,142,500 | 443,440,138,178 |

As stipulated in Article 31, Decree 46 issued by the Government on 22 March 2007, insurance businesses are required to appropriate 5% annual profit after tax to set up statutory reserve fund until it reaches 10% of the business's chartered capital.

The company's chartered capital as per the fourth amended Business License No. 11/GPDC4/KDBH was VND500 billions. Up to 31 December 2008, the chartered capital was fully contributed by the parent company.

## 15. REVENUE

### 15.1 *Gross written premiums*

| *Product category* | *Current year VND* | *Previous year VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 15,727,523,505 | 8,604,252,385 |
| Property and Damages Insurance | 110,279,493,022 | 65,138,095,575 |
| Cargo Insurance | 17,744,635,622 | 10,179,309,296 |
| Automobile Insurance | 72,751,891,096 | 40,513,303,790 |
| Fire Insurance | 25,937,266,214 | 15,135,800,085 |
| Liability Insurance | 1,161,908,351 | 1,324,209,137 |
| Business Risk Insurance | 1,292,015,865 | 394,557,882 |
| Others | 24,367,322,479 | 6,633,396,451 |
| | **269,262,056,154** | **147,922,924,601** |

### 15.2 *Income from financial activities*

| | *Current year VND* | *Previous year VND* |
|---|---|---|
| Interest income from deposits with financial institutions | 44,661,049,727 | 25,880,329,209 |
| Gains from investments in bonds and shares | 16,255,667,318 | 13,575,053,600 |
| Dividend received | 5,897,228,551 | 1,019,791,256 |
| Foreign exchange gains/losses | 4,041,871,059 | 7,532,854 |
| Other income from financial activities | 166,701,378 | - |
| | **71,022,518,033** | **40,482,706,919** |

## 16. EXPENSES FROM FINANCIAL ACTIVITIES

| | *Current year VND* | *Previous year VND* |
|---|---|---|
| Interest expenses | 1,706,256 | 1,990,497,942 |
| Investment fee | 92,946,495 | 5,020,420,310 |
| Foreign exchange losses | 5,619,258,225 | - |
| Loss from investment activities | 21,679,993,351 | - |
| Other expense from financial activities | 9,111,702,877 | - |
| Provision for impairment | 73,817,390,623 | - |
| | **110,322,997,827** | **7,010,918,252** |

## 17. CLAIM EXPENSES ON DIRECT INSURANCE, REINSURANCE ASSUMED AND REINSURANCE RECOVERIES

### 17.1 *Claim expenses on direct insurance*

| *Product category* | *Current year VND* | *Previous year VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 2,815,995,357 | 1,157,389,535 |
| Property and Damages Insurance | 5,537,008,274 | 4,826,632,219 |
| Cargo Insurance | 1,120,758,109 | 319,417,022 |
| Automobile Insurance | 36,179,548,070 | 7,081,207,068 |
| Fire Insurance | 2,915,847,377 | 864,328,353 |
| Liability Insurance | 28,544,773 | 6,823,434 |
| Other Insurance | 24,682,276,385 | 1,120,854,903 |
| | **73,279,978,345** | **15,376,652,534** |

### 17.2 *Claim expenses on reinsurance assumed*

| *Product category* | *Current year VND* | *Previous year VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 139,141,127 | - |
| Property and Damages Insurance | 543,046,603 | 601,000,310 |
| Automobile Insurance | 2,554,527 | - |
| Fire Insurance | 60,066,249 | 7,625,763 |
| Liability Insurance | 7,330,773 | - |
| | **752,139,279** | **608,626,073** |

### 17.3 *Reinsurance recoveries*

| *Product category* | *Current year VND* | *Previous year VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 682,430,074 | 331,776,414 |
| Property and Damages Insurance | 2,458,939,105 | 2,973,060,047 |
| Cargo Insurance | 564,946,609 | 183,570,720 |
| Automobile Insurance | 3,527,434,873 | 2,837,425,551 |
| Fire Insurance | 1,306,749,016 | 459,814,306 |
| Liability Insurance | 18,359,413 | 4,094,190 |
| Other Insurance | 20,220,034,465 | 949,992,387 |
| | **28,778,893,555** | **7,739,733,615** |

## 18. REINSURANCE PREMIUMS ASSUMED AND CEDED

### 18.1 *Reinsurance premiums assumed*

| *Product category* | *Current year VND* | *Previous year VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 1,647,594,592 | 922,416,104 |
| Property and Damages Insurance | 18,718,271,222 | 13,446,205,986 |
| Cargo Insurance | 2,548,319,772 | 119,622,562 |
| Automobile Insurance | 146,231,616 | 48,728,841 |
| Fire Insurance | 1,003,433,360 | 612,071,521 |
| Liability Insurance | 655,110,249 | 79,508,955 |
| Business Risk Insurance | 492,616,320 | 29,214,009 |
| Others | 1,895,623,814 | 187,414,005 |
| | **27,107,200,945** | **15,445,181,983** |

### 18.2 *Reinsurance premiums ceded*

| *Product category* | *Current year VND* | *Previous year VND* |
|---|---|---|
| Health Insurance and Personal Accident Insurance | 691,793,852 | 1,201,469,488 |
| Property and Damages Insurance | 93,783,335,187 | 55,989,532,018 |
| Cargo Insurance | 9,871,523,761 | 4,841,334,390 |
| Automobile Insurance | 1,393,689,707 | 5,477,118,052 |
| Fire Insurance | 14,814,111,068 | 8,538,444,878 |
| Liability Insurance | 647,501,782 | 777,506,536 |
| Business Risk Insurance | 1,529,515,441 | 354,597,927 |
| Others | 18,051,299,751 | 3,183,350,453 |
| | **140,782,770,549** | **80,363,353,742** |

## 19. ADMINISTRATION EXPENSES

| | *Current year* | *Previous year* |
|---|---|---|
| | *VND* | *VND* |
| Salaries | 27,053,250,000 | 14,921,109,960 |
| Depreciation expenses | 2,403,630,321 | 1,274,651,513 |
| Out-sourcing expenses | 23,963,058,810 | 10,269,213,994 |
| Other expenses | 18,457,115,933 | 12,812,036,533 |
| | **71,877,055,064** | **39,277,012,000** |

## 20. OTHER INCOMES AND EXPENSES

| | *Current year* | *Previous year* |
|---|---|---|
| | *VND* | *VND* |
| Other income | 400,618,654 | 144,695,993 |
| Other expenses | 197,695,961 | 13,721,360 |
| **Net other profit** | **202,922,693** | **130,974,633** |

## 21. EMPLOYEE REMUNERATION

| *ITEMS* | *Current year* | *Previous year* |
|---|---|---|
| | *VND* | *VND* |
| I. TOTAL NUMBER OF EMPLOYEES | 354 | 265 |
| II. EMPLOYEES' INCOME | | |
| 1. Total salaries paid during the period | 23,825,547,150 | 12,650,583,943 |
| 2. Bonus paid during the period | 7,050,405,019 | 3,892,644,599 |
| 3. Total remuneration | 30,875,952,169 | 16,543,228,542 |
| 4. Average monthly salaries | 6,596,220 | 5,698,461 |
| 5. Average monthly remuneration | 8,548,160 | 7,451,905 |

## 22. ENTERPRISE INCOME TAX

As the Company reported a tax loss for the year 2008, no provision for Enterprise Income Tax ("EIT") has been made.

The statutory EIT rate applicable to the Company is 28% of taxable profits.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

### 22.1 Enterprise Income Tax Expense

| *ITEMS* | *Current year* | *Previous year* |
|---|---|---|
| | *VND* | *VND* |
| Current Enterprise Income Tax | - | 4,625,397,243 |
| Deferred Enterprise Income Tax | - | - |
| **Enterprise Income Tax Expense** | **-** | **4,625,397,243** |

### 22.2 Current Enterprise Income Tax

The current tax payable is based on taxable profit for the year. Taxable profit of the Company for the year differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

A reconciliation between the tax expense and the product of accounting profit/loss multiplied by the applicable tax rate for the year is presented below:

| *ITEMS* | *Current year* | *Previous year* |
|---|---|---|
| | *VND* | *VND* |
| **Net accounting profit/(loss) before tax** | **(76,879,290,967)** | **18,701,383,829** |
| **Adjustments to increase/(decrease) accounting profit** | **(5,576,056,750)** | **(1,019,791,256)** |
| Adjustments to increase | 321,171,801 | - |
| Loss on foreign exchange revaluation | 321,171,801 | - |
| Adjustments to decrease | (5,897,228,551) | (1,019,791,256) |
| Dividend income not subject to EIT | (5,897,228,551) | (1,019,791,256) |
| **Adjusted net profit/(loss) before loss carry forward and tax** | **(82,455,347,717)** | **17,681,592,573** |
| Tax loss carried forward | - | (1,162,316,706) |
| **Estimated current taxable profit/(loss)** | **(82,455,347,717)** | **16,519,275,867** |
| **Estimated Current Enterprise Income Tax expenses** | **-** | **4,625,397,243** |
| Enterprise Income Tax payable at beginning of the year | 228,029,015 | 3,029,990,038 |
| Adjustment for under/(over) accrual of tax from previous periods | (353,027,480) | - |
| Enterprise Income Tax paid during the year | (4,905,886,472) | (7,427,358,266) |
| **Enterprise Income Tax payable at the end of the year** | **(5,030,884,937)** | **228,029,015** |

## 23. COMMITMENTS AND CONTINGENCIES

**Operating expenses commitments**

The Company has contractual commitments for the leases of offices as follows:

| *ITEMS* | *Current year VND* |
|---|---|
| Commitments for the leases of offices | 3,486,665,455 |
| *In which:* | |
| Less than 1 year | 75,000,000 |
| From 2-5 years | 3,411,665,455 |

## 24. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related companies during the year were as follows:

| *Company* | *Relation* | *Transaction* | *Amount VND* |
|---|---|---|---|
| The Bank of Investment and Development of Viet Nam | Parent Company | Increase in current accounts | 8,930,242,332 |
| | | Increase in term deposit | 288,516,580,000 |
| BIDV Leasing Company | Fellow subsidiary | Term deposit | 8,000,000,000 |
| BIDV Security Company | Fellow subsidiary | Increase in margin deposit for security transaction | 652,797,288 |

## 24. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related companies at the balance sheet date were as follows:

| *Related company* | *Relationship* | *Receivable* |
|---|---|---|
| | | *VND* |
| The Bank of Investment and Development of Viet Nam | Parent Company | 485,436,271,709 |
| BIDV Leasing Company | Fellow subsidiary | 17,248,978,692 |
| BIDV Security Company | Fellow subsidiary | 2,925,643,970 |
| | | **505,610,894,371** |

*Remuneration to members of Board of Directors*

| | *Current year* | *Prior year* |
|---|---|---|
| | *VND* | *VND* |
| Salaries and bonus | 1,184,933,687 | 778,482,845 |
| Other benefits | - | 24,750,000 |
| | **1,184,933,687** | **803,232,845** |

*Other directors' interests*

Apart from salaries and bonus, the directors are not entitled to any other benefits.

## 25. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

## 26. CORRESPONDING FIGURES

In 2008, the State auditors have carried out an audit of the Company's financial statements for the year ended 31 December 2007. The adjustments arising from such audit were booked directly to the brought carried forward opening balances as of 1 January 2008. Details of such adjustments are as follows:

***Balance sheet***

*Currency: VND*

| *Code* | *ITEMS* | *Balance before adjustment by State auditors* | *Adjustment* | *Balance after adjustment by State auditors* |
|---|---|---|---|---|
| | **ASSETS** | | | |
| 100 | **A. Current assets** | **502,687,880,193** | **2,019,296,447** | **504,707,176,640** |
| **110** | **I. Cash and cash equivalent** | **26,317,104,433** | **-** | **26,317,104,433** |
| 111 | 1. Cash | 101,795,976 | - | 101,795,976 |
| 112 | 2. Cash at bank | 15,884,970,537 | - | 15,884,970,537 |
| 113 | 3. Cash in transit | 10,330,337,920 | - | 10,330,337,920 |
| **120** | **II. Short-term investment** | **386,220,202,616** | **-** | **386,220,202,616** |
| 121 | 1. Short-term investments in securities | 80,786,436,714 | - | 80,786,436,714 |
| 128 | 2. Other short-term investments | 310,583,420,000 | - | 310,583,420,000 |
| 129 | 3. Provision for short- term investments | (5,149,654,098) | - | (5,149,654,098) |
| **130** | **III. Account receivables** | **85,633,527,448** | **2,019,296,447** | **87,652,823,895** |
| 131 | 1. Trade receivables | 81,938,354,318 | 1,172,631,999 | 83,110,986,317 |
| 135 | 2. Other receivables | 11,345,038,766 | - | 11,345,038,766 |
| 139 | 3. Allowance for doubtful debts | (7,649,865,636) | 846,664,448 | (6,803,201,188) |
| | **IV. Other current assets** | **4,517,045,696** | **-** | **4,517,045,696** |
| 150 | 1. Advances | 4,243,716,069 | - | 4,243,716,069 |
| 154 | 2. Other current assets | 273,329,627 | - | 273,329,627 |
| **200** | **B. Fixed assets and long-term investments** | **217,332,201,107** | **-** | **217,332,201,107** |
| **210** | **I. Fixed assets** | **5,458,670,807** | **-** | **5,458,670,807** |
| 221 | 1. Tangible fixed assets | 5,409,708,499 | - | 5,409,708,499 |
| *222* | *Historical cost* | *15,324,161,588* | - | *15,324,161,588* |
| *223* | *Accumulated depreciation* | *(9,914,453,089)* | - | *(9,914,453,089)* |
| 227 | 2. Intangible fixed assets | 48,962,308 | - | 48,962,308 |
| *228* | *Historical cost* | *56,057,850* | - | *56,057,850* |
| *229* | *Accumulated depreciation* | *(7,095,542)* | - | *(7,095,542)* |
| **250** | **II. Long-term investments** | **205,873,530,300** | **-** | **205,873,530,300** |
| | 1. Long-term investments in securities | 80,736,000,000 | - | 80,736,000,000 |
| 258 | 2. Other long-term investments | 125,137,530,300 | - | 125,137,530,300 |
| **260** | **III. Other non-current assets** | **6,000,000,000** | **-** | **6,000,000,000** |
| 261 | 1. Compulsory deposits | 6,000,000,000 | - | 6,000,000,000 |
| | **Total assets** | **720,020,081,300** | **2,019,296,447** | **722,039,377,747** |

## 26. CORRESPONDING FIGURES (continued)

***Balance sheet*** (continued)

*Currency: VND*

| *Code* | *ITEMS* | *Balance before adjustment by State auditors* | *Adjustment* | *Balance after adjustment by State auditors* |
|---|---|---|---|---|
| | **LIABILITIES AND OWNERS' EQUITY** | | | |
| | **A. Liabilities** | **199,665,519,971** | **1,417,637,394** | **201,083,157,365** |
| 310 | **I. Current liabilities** | **106,210,092,302** | **1,297,867,040** | **107,507,959,342** |
| 312 | 1. Trade payables | 74,689,544,490 | 1,063,888,520 | 75,753,433,010 |
| 314 | 2. Statutory obligations | 3,090,718,226 | 233,978,520 | 3,324,696,746 |
| 319 | 3. Other payables | 28,429,829,586 | - | 28,429,829,586 |
| 330 | **II. Long-term liabilities** | **161,424,000** | **-** | **161,424,000** |
| 336 | 1. Termination allowance | 161,424,000 | - | 161,424,000 |
| 341 | **III. Reserves** | **93,294,003,669** | **119,770,354** | **93,413,774,023** |
| | 1. Unearned premium reserve | 60,942,840,158 | 119,770,354 | 61,062,610,512 |
| | 2. Claim reserve | 26,962,935,511 | - | 26,962,935,511 |
| | 3. Catastrophe reserve | 5,388,228,000 | - | 5,388,228,000 |
| 400 | **B. Owner's equity** | **520,354,561,329** | **601,659,053** | **520,956,220,382** |
| 410 | **I. Capital** | **520,150,331,329** | **601,659,053** | **520,751,990,382** |
| 411 | 1. Contributed legal capital | 500,000,000,000 | - | 500,000,000,000 |
| 412 | 2. Investment and development fund | 16,602,481,630 | - | 16,602,481,630 |
| 413 | 3. Accumulated profits | - | 601,659,053 | 601,659,053 |
| 414 | 4. Other funds | 3,547,849,699 | - | 3,547,849,699 |
| 430 | **II. Other capital and funds** | **204,230,000** | **-** | **204,230,000** |
| 431 | 1. Bonus and welfare funds | 204,230,000 | - | 204,230,000 |
| 440 | **Total liabilities and owner's equity** | **720,020,081,300** | **2,019,296,447** | **722,039,377,747** |

## 26. CORRESPONDING FIGURES (continued)

### *Income Statement*

*Currency: VND*

| *Items* | *Balance before adjustment by State auditors* | *Adjustment* | *Balance after adjustment by State auditors* |
|---|---|---|---|
| 1. Gross written premium | 147,922,924,601 | - | 147,922,924,601 |
| 2. Reinsurance premium assumed | 15,445,181,983 | 916,197,485 | 16,361,379,468 |
| 3. Deductions | 80,363,353,742 | 789,029,274 | *81,152,383,016* |
| *Reinsurance premium ceded* | *80,363,353,742* | *789,029,274* | *81,152,383,016* |
| 4. Increase in unearned premium reserve | 35,235,412,765 | 119,770,354 | 35,355,183,119 |
| 5. Commissions on reinsurance ceded | 22,283,166,256 | 256,434,514 | 22,539,600,770 |
| 6. Other income from business activities | 100,300,515 | - | 100,300,515 |
| *Income on reinsurance assumed* | *100,300,515* | - | *100,300,515* |
| **7. Total operating revenues (1 + 2 -3 - 4 + 5 + 6)** | **70,152,806,848** | **263,832,371** | **70,416,639,219** |
| 8. Claim expenses | 15,376,652,534 | - | 15,376,652,534 |
| 9. Claim expenses for reinsurance assumed | 608,626,073 | - | 608,626,073 |
| 10. Deductions | 7,739,733,615 | - | 7,739,733,615 |
| *Recoveries from reinsurance ceded* | 7,739,733,615 | - | 7,739,733,615 |
| **11. Claim expenses on retained risks** | **8,245,544,992** | **-** | **8,245,544,992** |
| 12. Increase/(decrease) on claim reserve | 17,607,719,435 | - | 17,607,719,435 |
| 13. Provision for catastrophes reserve charged to the year's expense | 830,048,000 | - | 830,048,000 |
| 14. Other operating expenses | 19,093,861,892 | 274,859,246 | 19,368,721,138 |
| *Other underwriting expenses* | *11,884,903,620* | - | *11,884,903,620* |
| *Commission expenses* | *4,115,483,272* | *274,859,246* | *4,390,342,518* |
| *Other direct expenses of other activities* | 3,093,475,000 | - | 3,093,475,000 |
| **15. Total direct operation expenses** | **45,777,174,319** | **274,859,246** | **46,052,033,565** |
| **16. Gross operating expenses** | **24,375,632,529** | **(11,026,875)** | **24,364,605,654** |
| 17. Administration expenses | 39,277,012,000 | (846,664,448) | 38,430,347,552 |
| **18. Net operating income** | **(14,901,379,471)** | **835,637,573** | **(14,065,741,898)** |
| 19. Financial income | 40,482,706,919 | - | 40,482,706,919 |
| 20. Financial expenses | 7,010,918,252 | - | 7,010,918,252 |

## 26. CORRESPONDING FIGURES (continued)

***Income Statement*** (continued)

*Currency: VND*

| *Items* | *Balance before adjustment by State auditors* | *Adjustment* | *Balance after adjustment by State auditors* |
|---|---|---|---|
| **21. Financial profit** | **33,471,788,667** | **-** | **33,471,788,667** |
| 22. Other income | 144,695,993 | - | 144,695,993 |
| 23. Other expenses | 13,721,360 | - | 13,721,360 |
| **24. Other profit** | **130,974,633** | **-** | **130,974,633** |
| **25. Profit before enterprise income tax** | **18,701,383,829** | **835,637,573** | **19,537,021,402** |
| 26. Taxable profit | 4,625,397,243 | 233,978,520 | 4,859,375,763 |
| **27. Net profit for the year after EIT** | **14,075,986,586** | **601,659,053** | **14,677,645,639** |

CÔNG TY BẢO HIỂM NGÂN HÀNG ĐẦU TƯ VÀ PHÁT TRIỂN VIỆT NAM

Vu Van Ve
Deputy Manager of Financial Accounting Department

Pham Quang Tung
Director

15 February 2009