BIDV Insurance Joint Stock Corporation

Separate financial statements

For the year ended 31 December 2018

BIDV Insurance Joint Stock Corporation

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BIDV Insurance Joint Stock Corporation

GENERAL INFORMATION

CORPORATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 01 October 2010 under Business Licence No.11/GPDC7/KDBH dated 01 October 2010 issued by the Ministry of Finance.

The Corporation was transformed from equalization of BIDV Insurance Company, which was a wholly-owned subsidiary of Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV"), and established under Business License No. 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 05 August 2010, the Corporation successfully completed the Initial Public Offering. Accordingly, the percentage of shares held by BIDV and other shareholders was respectively 82.3% and 17.7%. On 05 May 2014, the Corporation issued shares to its employees under Employee Share Option Program (ESOP) which changed the percentage of shares held by BIDV and other shareholders to 78.38% and 21.62% respectively. In 2015, the Corporation issued shares to the Strategic Investor (Fairfax Asia Limited) in accordance with Decision No. 11836/BTC-QLBH and Amended Business License No. 11/GPDC14/KDBH dated 25 December 2015 issued by the Ministry of Finance. Accordingly, the percentage of shares held by BIDV, Fairfax Asia Limited and other shareholders was 51%, 35% and 14%, respectively.

The following summarizes some key information about the Corporation:

Registered Company name:	BIDV Insurance Joint Stock Corporation
Head office's address:	16th Floor, A Tower, Vincom, 191 BaTrieu Street, Hai Ba Trung District, Hanoi
Operating activities:	Provide general insurance products, reinsurance, loss survey, investing activities and other activities that are in line with prevailing laws and regulations.
Location and branch network:	Twenty-six (26) branches nationwide
Employee:	960 persons at 31 December 2018
Charter Capital:	VND 1,172,768,950,000 at 31 December 2018

As at 31 December 2018, the Corporation has one (01) subsidiary as follow:

Subsidiary	*Address*	*Principal activities*	*% directly owned*
Lao Viet Insurance Company	3rd Floor, LVB Tower, No 44, Lanexang Avenue, Hatsady Village, Chanthabouly District, Vientiane, Lao PDR	General insurance products, reinsurance services, invesment activities and other business activities that are in line with prevailing laws and regulations in Lao PDR	65%

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

Members of the Corporation's Board of Directors during the year and at the date of this report are:

Mr. Ramaswamy Athappan	Acting Chairman	Appointed on 29 November 2018
Mr. Tran Luc Lang	Chairman	Appointed on 15 July 2016
Mr. Tran Luc Lang	Chairman	Resigned on 29 November 2018
Mr. Gobinath Arvind Athappan	Member	Appointed on 29 January 2016
Mr. Tran Hoai An	Member	Appointed on 20 April 2015
Ms. Pham Thi Van Khanh	Member	Appointed on 29 January 2016
Ms. Dang Thi Hong Phuong	Member	Reappointed on 20 April 2015
Mr. Vo Hai Nam	Member	Appointed on 20 April 2015

BOARD OF SUPERVISION

Members of the Corporation's Board of Supervision during the year and at the date of this report are:

Ms. Lai Ngan Giang	Head of Board	Appointed on 10 April 2018
Mr. Cao Cu Tri	Head of Board	Resigned on 10 April 2018
Mr. Zainul Abidin Rasheed	Member	Appointed on 29 January 2016
Mr. Osith Ramanathan	Member	Appointed on 29 January 2016
Mr. Nguyen Trung Kien	Member	Reappointed on 20 April 2015
Mr. Nguyen Thanh Cong	Member	Reappointed on 20 April 2015

MANAGEMENT

Members of the Corporation's Management during the year and at the date of this report are:

Mr. Tran Hoai An	General Director	Reappointed on 01 November 2017
Mr. Tran Trung Tinh	Deputy General Director	Appointed on 01 October 2010
Mr. Vu Minh Hai	Deputy General Director	Reappointed on 16 April 2017
Ms. Doan Thi Thu Huyen	Deputy General Director	Appointed on 01 May 2012
Mr. Pham Duc Hau	Deputy General Director	Appointed on 01 March 2015
Mr. Huynh Quoc Viet	Deputy General Director	Appointed on 01 November 2015

LEGAL REPRESENTATIVE

The legal representative of the Corporation during the year and at the date of this report is Mr. Tran Hoai An – Title: General Director.

AUDITORS

The auditors of the Corporation are Ernst & Young Vietnam Limited.

BIDV Insurance Joint Stock Corporation

REPORT OF MANAGEMENT

Management of BIDV Insurance Joint Stock Corporation ("the Corporation") presents its report and the separate financial statements of the Corporation for the year ended 31 December 2018.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the state of the financial position of the Corporation and of its results of operations and cash flows for the year. In preparing those separate financial statements, management is required to:

- Select suitable accounting policies and 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 separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue its business.

Management 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 to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management has complied with the above requirements in preparing the accompanying separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Corporation as at 31 December 2018 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and accounting guidance applicable to insurance companies, and with the statutory requirements relevant to preparation and presentation of separate financial statements.

The Corporation has a subsidiary as disclosed in the separate financial statements. The Corporation prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Corporation has also prepared the consolidated financial statements of the Corporation and its subsidiary for the year ended 31 December 2018 (the consolidated financial statements) dated 28 February 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Corporation and its subsidiary.

For and on behalf of Management

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

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

28 February 2019

Ernst & Young Vietnam Limited
8th Floor, CornerStone Building
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Reference: 60755012/20278483

INDEPENDENT AUDITORS' REPORT

To: The Shareholders
BIDV Insurance Joint Stock Corporation

We have audited the accompanying separate financial statements of BIDV Insurance Joint Stock Corporation ("the Corporation") as prepared on 28 February 2019 and set out on pages 6 to 68, which comprise the separate balance sheet as at 31 December 2018, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management of the Corporation is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the 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 separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Corporation as at 31 December 2018 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the relevant statutory requirements to preparation and presentation of separate financial statements.

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Building a better working world

Emphasis of matter

We draw attention to Note 2.1 of the separate financial statements. The Corporation prepared the consolidated financial statements of the Corporation and its subsidiary for the year ended 31 December 2018 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of consolidated financial statements. We have audited these consolidated financial statements and our auditors' report dated on 28 February 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited

CÔNG TY TNHH ERNST & YOUNG VIỆT NAM CHI NHÁNH HÀ NỘI

Trinh Hoang Anh
Partner
Audit Practising Registration
Certificate No.: 2071-2018-004-1

Nguyen Van Trung
Auditor
Audit Practising Registration
Certificate No.: 3847-2016-004-1

Hanoi, Vietnam

28 February 2019

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SEPARATE BALANCE SHEET
as at 31 December 2018

Currency: VND

Code	ITEMS	Notes	Ending Balance	Beginning Balance
100	**A. CURRENT ASSETS**		**4,506,727,984,669**	**3,936,027,494,706**
110	***I. Cash and cash equivalents***	***4***	***58,406,605,294***	***37,485,664,636***
111	1. Cash		58,406,605,294	37,485,664,636
120	***II. Short-term investments***		***2,892,882,903,526***	***2,453,184,137,857***
121	1. Trading securities	5.1	108,386,308,344	193,770,493,743
122	2. Provision for trading securities	5.1	(661,117,000)	(14,142,957,356)
123	3. Held-to-maturity investments	5.2	2,785,157,712,182	2,273,556,601,470
130	***III. Short-term receivables***	***6***	***478,955,188,340***	***460,482,188,966***
131	1. Short-term trade receivables		382,372,778,104	332,583,511,896
131.1	*1.1 Insurance receivables*		*382,353,324,117*	*332,564,057,909*
131.2	*1.2 Other trade receivables*		*19,453,987*	*19,453,987*
132	2. Short-term advances to suppliers		720,783,096	2,415,675,531
136	3. Other receivables		133,929,713,623	141,924,500,840
137	4. Allowance for doubtful debts		(38,068,086,483)	(16,441,499,301)
140	***IV. Inventories***		***146,828,992***	***155,168,992***
141	1. Inventories		146,828,992	155,168,992
150	***V. Other short-term assets***		***121,864,457,526***	***91,552,675,848***
151	1. Prepaid expenses		121,823,116,442	91,552,675,848
151.1	*1.1 Unallocated commission expense*	*7*	*120,084,663,140*	*90,001,335,617*
151.2	*1.2 Other prepaid expenses*		*1,738,453,302*	*1,551,340,231*
152	2. Deductible VAT		41,341,084	-
190	***VI. Reinsurance assets***	***17.1***	***954,472,000,991***	***893,167,658,407***
191	1. Reinsurance assets from unearned premium reserve		319,526,719,142	274,705,055,287
192	2. Reinsurance assets from claim reserve		634,945,281,849	618,462,603,120

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND

Code	*ITEMS*	*Notes*	*Ending Balance*	*Beginning Balance*
200	**B. NON-CURRENT ASSETS**		**393,898,820,474**	**565,447,147,184**
210	***I. Long-term receivables***		***10,724,003,593***	***10,620,893,593***
218	1. Other long-term receivables		10,724,003,593	10,620,893,593
218.1	*1.1. Statutory deposit*	*8*	*8,000,000,000*	*8,000,000,000*
218.2	*1.2. Other long-term receivables*		*2,724,003,593*	*2,620,893,593*
220	***II. Fixed assets***		***21,502,374,296***	***27,846,835,536***
221	1. Tangible fixed assets	9	14,963,088,373	21,257,551,689
222	*- Costs*		*60,527,865,239*	*60,441,678,539*
223	*- Accumulated depreciation*		*(45,564,776,866)*	*(39,184,126,850)*
227	2. Intangible assets	10	6,539,285,923	6,589,283,847
228	*- Costs*		*6,845,849,125*	*6,845,849,125*
229	*- Accumulated amortisation*		*(306,563,202)*	*(256,565,278)*
250	***III. Long-term investments***		***360,073,137,169***	***524,291,166,444***
251	1. Investment in subsidiary	5.3	34,660,020,000	34,660,020,000
253	2. Other long-term investments	5.3	75,907,370,000	75,907,370,000
254	3. Provision for impairment of long-term investments	5.3	(50,715,571,068)	(40,776,223,556)
255	4. Held-to-maturity investments	5.2	300,221,318,237	454,500,000,000
260	***IV. Other long-term assets***		***1,599,305,416***	***2,688,251,611***
261	1. Long-term prepaid expenses	11	106,415,127	140,755,059
262	2. Deferred tax assets	30.2	1,492,890,289	2,547,496,552
270	**TOTAL ASSETS (270 = 100 + 200)**		**4,900,626,805,143**	**4,501,474,641,890**

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND

Code	*ITEMS*	*Notes*	*Ending Balance*	*Beginning Balance*
300	**A. LIABILITIES**		**2,813,581,942,441**	**2,456,913,634,001**
310	***I. Current liabilities***		***2,812,196,348,667***	***2,454,892,810,767***
311	1. Trade payables	12	431,442,197,474	293,018,572,533
311.1	*1.1. Insurance payables*		*431,110,363,427*	*292,688,867,162*
311.2	*1.2. Other payables*		*331,834,047*	*329,705,371*
312	2. Short-term advance from customers		1,638,861,391	1,715,633,269
313	3. Tax and other statutory obligations	13	25,545,979,946	30,081,365,354
314	4. Payables to employees		56,175,582,522	58,180,891,694
315	5. Short-term accrued expenses	14	67,501,285,546	36,173,564,436
318	6. Short-term deferred revenue		6,480,625,230	6,277,177,934
318.1	7. Un-earned commission revenue	15	81,592,201,526	68,584,002,459
319	8. Other short-term payables	16	19,888,603,386	40,486,965,141
321	9. Provision for short-term payable		-	3,072,343,309
322	10. Bonus and welfare funds		14,342,849,584	11,165,571,869
329	11. Technical reserves		2,107,588,162,062	1,906,136,722,769
329.1	*11.1. Gross un-earned premium reserve*	*17.1*	*1,154,597,904,511*	*978,302,133,675*
329.2	*11.2. Gross claim reserve*	*17.1*	*843,616,989,084*	*832,338,681,946*
329.3	*11.3. Catastrophe reserve*	*17.2*	*109,373,268,467*	*95,495,907,148*
330	***II. Non-current liabilities***		***1,385,593,774***	***2,020,823,234***
337	1. Other long-term liabilities	16	1,385,593,774	2,020,823,234

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND

Code	*ITEMS*	*Notes*	*Ending Balance*	*Beginning Balance*
400	**B. OWNERS' EQUITY**		**2,087,044,862,702**	**2,044,561,007,889**
410	***I. Owners' equity***	***18***	***2,087,044,862,702***	***2,044,561,007,889***
411	1. Charter capital		1,172,768,950,000	1,172,768,950,000
411a	*1.1. Common shares with voting rights*		*1,172,768,950,000*	*1,172,768,950,000*
412	2. Share premium		655,565,033,362	655,565,033,362
418	3. Investment and development fund		50,158,477,335	6,457,956,038
419	4. Statutory reserves		44,093,204,290	36,714,320,247
421	5. Undistributed earnings		164,459,197,715	173,054,748,242
421a	*5.1. Accumulated undistributed earnings of previous years*		*24,260,400,445*	*6,992,767,290*
421b	*5.2. Undistributed earnings of current year*		*140,198,797,270*	*166,061,980,952*
440	**TOTAL LIABILITIES AND OWNERS' EQUITY (440 = 300 + 400)**		**4,900,626,805,143**	**4,501,474,641,890**

Ms. Kieu Thi Hong Nhung	Ms. Nguyen Thanh Mai	Mr. Tran Hoai An
Accountant	Deputy Director in - charge	General Director
Finance - Accounting Division	Finance - Accounting Division	

Hanoi, Vietnam

28 February 2019

SEPARATE INCOME STATEMENT

PART 1: SEPARATE SUMMARY INCOME STATEMENT
for the year ended 31 December 2018

Currency: VND

Code	*ITEMS*	*Current Year*	*Previous Year*
10	1. Total operating income	1,422,330,840,664	1,316,053,529,612
12	2. Finance income	254,967,334,357	247,913,340,613
13	3. Other income	1,298,012,702	470,235,061
20	4. Total direct operating expenses	(1,141,063,321,621)	(1,035,544,810,864)
22	5. Finance expenses	(16,955,799,955)	(17,707,099,911)
23	6. General and administrative expenses	(316,617,459,008)	(297,899,433,470)
24	7. Other expenses	(1,382,512,472)	(116,990,707)
50	**8. Profit before corporate income tax (50=10+12+13+20+22+23+24)**	**202,577,094,667**	**213,168,770,334**
51	9. Current corporate income tax expense	(53,944,807,091)	(43,772,804,966)
52	10. Deferred corporate income tax income/(expense)	(1,054,606,263)	5,406,119,820
60	**11. Net profit for this period after corporate income tax (60=50+51+52)**	**147,577,681,313**	**174,802,085,188**

SEPARATE INCOME STATEMENT (continued)

PART 2: SEPARATE OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2018

Currency: VND

Code	*ITEMS*	*Notes*	*Current Year*	*Previous Year*
01	**1. Insurance revenue (01 = 01.1 + 01.2 + 01.3)**	**19**	**1,902,741,156,510**	**1,719,214,861,320**
	In which:			
01.1	- Direct written premiums		1,778,812,204,207	1,594,284,224,175
01.2	- Reinsurance premium assumed		300,224,723,139	187,985,628,791
01.3	- Increase in un-earned premium reserve		(176,295,770,836)	(63,054,991,646)
02	**2. Reinsurance premium ceded (02 = 02.1 + 02.2)**	**20**	**(646,479,131,544)**	**(555,479,172,648)**
	In which:			
02.1	- Reinsurance premium ceded		(691,300,795,399)	(532,701,189,549)
02.2	- Increase/(decrease) in ceded premium reserve		44,821,663,855	(22,777,983,099)
03	**3. Net insurance premiums (03 = 01 + 02)**		**1,256,262,024,966**	**1,163,735,688,672**
04	**4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2)**		**166,068,815,698**	**152,317,840,940**
	In which:			
04.1	- Commission on reinsurance ceded	21	139,657,182,159	126,003,913,298
04.2	- Other income from insurance activities	22	26,411,633,539	26,313,927,642
10	**5. Total net revenue from insurance business (10 = 03 + 04)**		**1,422,330,840,664**	**1,316,053,529,612**
11	**6. Claim expenses (11 = 11.1 + 11.2)**		**(916,113,900,592)**	**(748,277,532,644)**
	In which:			
11.1	- Claim expenses		(931,362,725,743)	(763,193,926,098)
11.2	- Claim expense reductions		15,248,825,151	14,916,393,454
12	**7. Recoveries from reinsurance ceded**		**343,438,738,560**	**260,813,611,175**
13	**8. Increase in direct and assumed claim reserve**		**(11,278,307,138)**	**(328,460,051,169)**
14	**9. Increase in ceded claim reserve**		**16,482,678,729**	**283,741,314,433**
15	**10. Net claim expenses (15 = 11 + 12 + 13 + 14)**	**23**	**(567,470,790,441)**	**(532,182,658,205)**
16	**11. Increase in catastrophe reserve**	**17.2**	**(13,877,361,319)**	**(12,495,686,634)**

SEPARATE INCOME STATEMENT (continued)

PART 2: SEPARATE OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2018 (continued)

Currency: VND

Code	*ITEMS*	*Notes*	*Current Year*	*Previous Year*
17	**12. Other operating expenses (17 = 17.1 + 17.2)**	**24**	**(559,715,169,861)**	**(490,866,466,025)**
	In which:			
17.1	- Commission expense		(171,324,804,134)	(143,274,271,179)
17.2	- Other underwriting expenses		(388,390,365,727)	(347,592,194,846)
18	**13. Total direct operating expenses (18 = 15 + 16 + 17)**		**(1,141,063,321,621)**	**(1,035,544,810,864)**
19	**14. Gross insurance operating profit (19 = 10 + 18)**		**281,267,519,043**	**280,508,718,748**
23	15. Finance income	25	254,967,334,357	247,913,340,613
24	16. Finance expenses	26	(16,955,799,955)	(17,707,099,911)
25	**17. Profit from financial activities (25 = 23 + 24)**		**238,011,534,402**	**230,206,240,702**
26	**18. General and administrative expenses**	**27**	**(316,617,459,008)**	**(297,899,433,470)**
30	**19. Net operating income (30 = 19 + 25 + 26)**		**202,661,594,437**	**212,815,525,980**
31	20. Other income	28	1,298,012,702	470,235,061
32	21. Other expenses	29	(1,382,512,472)	(116,990,707)
40	**22. Net other (loss)/profit (40 = 31 + 32)**		**(84,499,770)**	**353,244,354**
50	**23. Profit before corporate income tax (50 = 30 + 40)**		**202,577,094,667**	**213,168,770,334**
51	24. Current corporate income tax expense	30.1	(53,944,807,091)	(43,772,804,966)
52	25. Deferred corporate income tax income/(expense)	30.2	(1,054,606,263)	5,406,119,820
60	**26. Net profit for the year after corporate income tax (60 = 50 + 51 + 52)**		**147,577,681,313**	**174,802,085,188**

Ms. Kieu Thi Hong Nhung	Ms. Nguyen Thanh Mai	Mr. Tran Hoai An
Accountant	Deputy Director in - charge	General Director
Finance - Accounting Division	Finance - Accounting Division	

Hanoi, Vietnam

28 February 2019

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2018

Currency: VND

Code	*ITEMS*	*Notes*	*Current Year*	*Previous Year*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net profit before tax**		**202,577,094,667**	**213,168,770,334**
	Adjustments for:			
02	Depreciation and amortisation		6,430,647,940	6,621,353,337
03	Insurance reserves and provision for diminution in investment value		158,353,374,269	158,278,384,664
04	Profit from revaluation of foreign currencies		(1,073,631,694)	(265,103,413)
05	Profits from investing activities		(233,897,419,691)	(238,544,631,346)
06	Interest expense		502,009,827	5,221,540
08	**Operating cash flow before changes in working capital**		**132,892,075,318**	**139,263,995,116**
09	Increase in receivables		(40,244,037,640)	(23,429,461,749)
10	Decrease/(increase) in inventories		8,340,000	(8,340,000)
11	Increase in payables		171,002,996,285	21,791,333,444
12	Increase in prepaid expense		(29,325,945,483)	(18,797,555,281)
13	Decrease/(increase) in trading securities		85,384,185,399	(36,248,177,776)
14	Interest expense paid		(502,009,827)	(5,221,540)
15	Corporate income tax paid	13	(57,514,592,928)	(28,686,075,673)
16	Other cash inflows from operating activities		203,447,296	1,949,040,713
17	Other cash outflows from operating activities		(7,994,787,217)	(44,730,443,044)
20	**Net cash flow from operating activities**		**253,909,671,203**	**11,099,094,210**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets and other long-term assets		(86,186,700)	(532,696,806)
22	Disposal of fixed assets and other long-term assets		-	25,089,055
23	Payments for investments in other entities		(4,509,759,937,069)	(2,664,555,011,603)
24	Proceeds from disposal or maturity of debt investment		4,187,227,932,633	2,416,568,722,245
27	Interest received		170,876,258,461	204,282,424,118
30	**Net cash flow used in investing activities**		**(151,741,932,675)**	**(44,211,472,991)**

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2018

Currency: VND

Code	*ITEMS*	*Notes*	*Current Year*	*Previous Year*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings	18	-	2,023,787,651
34	Repayment of borrowings		-	(2,023,787,651)
36	Dividends paid		(82,069,124,000)	(83,269,124,914)
40	**Net cash flow used in financing activities**		**(82,069,124,000)**	**(83,269,124,914)**
50	**Net change in cash and cash equivalents (50 = 20 + 30 + 40)**		**20,098,614,528**	**(116,381,503,695)**
60	**Cash and cash equivalents at the beginning of the year**		**37,485,664,636**	**152,977,915,505**
61	Impact of exchange rate fluctuation		822,326,130	889,252,826
70	**Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)**	**4**	**58,406,605,294**	**37,485,664,636**

Ms. Kieu Thi Hong Nhung	Ms. Nguyen Thanh Mai	Mr. Tran Hoai An
Accountant	Deputy Director in - charge	General Director
Finance - Accounting Division	Finance - Accounting Division	

Hanoi, Vietnam

28 February 2019

1. CORPORATION INFORMATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 01 October 2010 under Business Licence No.11/GPDC7/KDBH dated 01 October 2010 issued by the Ministry of Finance.

The Corporation was transformed from equalization of BIDV Insurance Company, which was a wholly-owned subsidiary of Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV"), and established under Business License No. 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 05 August 2010, the Corporation successfully completed the Initial Public Offering. Accordingly, the percentage of shares held by BIDV and other shareholders was respectively 82.3% and 17.7%. On 05 May 2014, the Corporation issued shares to its employees under Employee Share Option Program (ESOP) which changed the percentage of shares held by BIDV and other shareholders to 78.38% and 21.62% respectively. In 2015, the Corporation issued shares to the Strategic Investor (Fairfax Asia Limited) in accordance with Decision No. 11836/BTC-QLBH and Amended Business License No. 11/GPDC14/KDBH dated 25 December 2015 issued by the Ministry of Finance. Accordingly, the percentage of shares held by BIDV, Fairfax Asia Limited and other shareholders was 51%, 35% and 14%, respectively.

The following summarizes some key information about the Corporation:

Registered Company name:	BIDV Insurance Joint Stock Corporation
Head office's address:	16th Floor, A Tower, Vincom, 191 BaTrieu Street, Hai Ba Trung District, Hanoi
Operating activities:	Provide general insurance products, reinsurance, loss survey, investing activities and other activities that are in line with prevailing laws and regulations.
Location and branch network:	Twenty-six (26) branches nationwide
Employee:	960 persons at 31 December 2018
Charter Capital:	VND 1,172,768,950,000 at 31 December 2018

As at 31 December 2018, the Corporation has one (01) subsidiary as follow:

Subsidiary	*Address*	*Principal activities*	*% directly owned*
Lao Viet Insurance Company	3rd Floor, LVB Tower, No 44, Lanexang Avenue, Hatsady Village, Chanthabouly District, Vientiane, Lao PDR	General insurance products, reinsurance services, investment activities and other business activities that are in line with prevailing laws and regulations in Lao PDR	65%

2. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1 *Purpose of preparing the separate financial statements*

The Corporation prepared these separate financial statements to meet the prevailing requirements for information disclosure as specifically stipulated by the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Corporation has also prepared the consolidated financial statements of the Corporation and its subsidiary for the year ended 31 December 2018 dated 28 February 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Corporation and its subsidiary.

2.2 *Accounting standards and system*

The Corporation's separate financial statements expressed in Vietnamese Dong ("VND") are prepared in accordance with the Vietnamese Accounting System for non-life insurance companies issued by the Ministry of Finance in Circular No. 232/2012/TT-BTC (Circular 232) dated 28 December 2012 and Circular No. 200/2014/TT-BTC dated 22 December 2014 providing guidance on enterprise accounting system, and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- 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 31 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).

Accordingly, the accompanying separate financial statements, including 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 and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS (continued)

2.3 *Applied accounting documentation system*

The Corporation's applied accounting documentation system is the Journal Ledger system.

2.4 *Fiscal year*

The Corporation's fiscal year starts on 01 January and ends on 31 December.

2.5 *Accounting currency*

The separate financial statements are prepared in VND which is also the Corporation's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies*

The accounting policies adopted by the Corporation in preparation of the separate financial statement are consistent with those followed in the preparation of the separate financial statements for the year ended 31 December 2017.

3.2 *Cash and cash equivalents*

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

3.3 *Receivables*

Receivables comprise of trade receivables and other receivables that are initially recognized at cost and subsequently are recognized at cost.

Provision for impairment of receivables is made based on their overdue ages. For undue receivables owned by indebted economic organizations which fall bankrupt or are undergoing dissolution procedures, debtors are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, the unrecoverable loss for these receivables should be estimated for making provision. The increase or decrease to the provision balance is recorded as the general and administrative expense in the separate income statement.

For overdue receivables, the Corporation adopts the provision policy as promulgated by the Ministry of Finance in Circular No. 228/2009/TT-BTC dated 07 December 2009. Details on the basis of provision are as follows:

Overdue receivables	*Allowance rate*
Over six (06) months to less than one (01) year	30%
From one (01) to less than two (02) years	50%
From two (02) to less than three (03) years	70%
From three (03) years	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Fixed assets

Fixed assets are stated at cost less accumulated depreciation/amortisation.

The cost of a fixed 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 is charged to the separate income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

3.5 Depreciation and amortisation

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

Buildings and structures	5 - 25 years
Machinery	3 - 7 years
Motor vehicles	6 years
Office equipment	3 years
Other tangible fixed assets	4 years
Software	3 years
Land use rights with indefinite term	No amortization

3.6 Leased assets

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

3.7 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Investments

3.8.1 Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Periodically, held-for-trading securities and investments in other entities are subject to review for impairment. Increases or decreases to the provision balance for diminution in value of held-for-trading securities and investments in other entities are recorded as finance expenses in the separate income statement.

3.8.2 Provision for diminution in value of held-for-trading securities and investments in entities

Provision is made for any diminution in value of the held-for-trading securities and investments in other entities at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC dated 28 June 2013 ("Circular 89") issued by the Ministry of Finance. Details are as follows:

Listed shares

Investment in listed shares are carried at cost in accordance with Vietnamese Accounting Standards. If there is objective evidence about 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 based on the formula defined in Circular 228 and Circular 89. Below is the formula to calculate the impairment provision for quoted securities:

$$\text{Provision for impairment of individual stock} = \text{Quantity of security held at reporting date} \times \left(\text{Unit cost of security in accounting book} - \text{Market price of security at reporting date} \right)$$

Unlisted shares

For unlisted shares, the following methods are used in calculating the fair value in order to compare with the book value to determine the provision:

- For shares which have been registered for trading in the market for public companies (UPCoM), market value is the closing price on the system at the balance sheet date.
- Market value of over-the-counter (OTC) shares is the average price quoted by at least three independent securities companies operating in Vietnam.

For other securities that have no market prices for purpose of making provision of impairment, the Corporation considers to use book value of securities or information about impairment of investment assets to calculate provision for diminution in value of investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Investments (continued)

3.8.2 Provision for diminution in value of held-for-trading securities and investments in entities (continued)

Equity investments in other entities

For capital amounts invested by the enterprise in economic organizations and other long-term investments, a provision is set up if the investee incurs net loss (except where such losses are already planned in the investee's business plans before investment is made).

The level of provision for each financial investment is equal to the capital amount already invested and calculated according to the following formula as given in Circular 228 and Circular 89.

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

The basis for setting up the provision is the positive difference between the parties' actual capital contributions and the actual owners' equity at the time of preparing the economic organization's financial statements.

3.8.3 Held to maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expenses in the separate income statements and deducted against the value of such investments.

3.9 Payables and accruals

Payables and accruals are recognised for the amount to be paid in the future for goods and services received, whether or not billed to the Corporation.

3.10 Employee benefits

3.10.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Corporation by the social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Corporation is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the rate of 17.5% of employee basic salaries on a monthly basis.

In addition, in accordance with internal policy No. 100/QD-HDQT dated 01 August 2014 regulating post-employment benefits to the Corporation's employees, the Corporation also provides post-employment benefits including convalescence, annual leave, sightseeing, post-employment allowance based on employees' position and employment term as well as other benefits based on performance achievement of the employees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Employee benefits (continued)

3.10.2 Unemployment benefits

According to Social Insurance Law and Decree No. 127/2008/ND-CP dated 12 December 2008 by the Government, the Unemployment insurance fund is implemented from 01 January 2009, to which, employees contribute 1% of their salary, employers contribute 1% of salary of their employees participating in the unemployment insurance, and the Government contributes 1% of salary of all those participating in the unemployment insurance from the State budget.

3.11 Technical reserves

The technical reserves include technical reserves for non-life insurance and technical reserve of health insurance.

The technical reserves made by the Corporation are based on reserving methodologies as given in Circular No. 50/2017/TT-BTC dated 01 July 2017 ("Circular 50") issued by the Ministry of Finance as follows:

a) Technical reserves for non-life insurance

(i) Unearned premium reserve

The Corporation applies the "daily basis" to calculate unearned premium reserve for all types of insurance and reinsurance businesses, following the formula:

$$\text{Unearned premium reserve} = \frac{\text{Insurance premiums} * \text{Remaining day of insurance policy}}{\text{Number of coverage days}}$$

(ii) Claims reserve

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is 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, in accordance with the Circular 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established at the rate of 3% of premium for each insurance operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves (continued)

a) Technical reserves for non-life insurance (continued)

(iii) Catastrophe reserve

Catastrophe reserve of the Corporation is accrued annually for significant fluctuations in losses. The catastrophe reserve rate adopted by the Corporation for the year 2018 is 1% of total retained premiums of each type of insurance. The catastrophe reserve maximum of the Corporation is equal to 100% of the retained premiums of the current fiscal year (except for health insurance).

On 28 December 2005, the Ministry of Finance issued Decision No. 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, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 73/2016/ND-CP issued by the Government of Vietnam on 01 July 2016 on the details of the implementation of the Law on Insurance Business and amendments to certain articles of the Law on Insurance Business, the Corporation has elected to adopt the policy of providing for the catastrophe reserve in the separate financial statements for the year ended 31 December 2018.

b) Technical reserve of health insurance

(i) Mathematical reserve

Mathematical reserve applies to insurance policies with a term of more than 1 year to cover liability upon occurrence of insured event. Mathematical reserve is set aside as follows:

$$\text{Mathematical reserve} = \frac{\text{Insurance premiums} * \text{Remaining day of insurance policy}}{\text{Number of coverage days}}$$

(ii) Unearned premiums reserve

Unearned premium reserve applies to health insurance policies with a term of less than or equal to 1 year. The Corporation applies the unearned premium reserve methodology according to coefficients of the insurance policy period – daily method as follows:

$$\text{Unearned premium reserve} = \frac{\text{Insurance premiums} * \text{Remaining day of insurance policy}}{\text{Number of coverage days}}$$

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Technical reserves* (continued)

b) Technical reserves for health insurance (continued)

(iii) Claim reserve

- Outstanding claim reserve is 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; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established at the rate of 3% of premium for each insurance operation.

(iv) Equalization reserve

Equalization reserve for health insurance is established at 1% of net premium and recognised in catastrophe reserve account on balance sheet.

3.12 *Transactions in foreign currencies*

Transactions in currencies other than the Corporation's reporting currency are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Corporation conduct transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Corporation conduct transactions regularly.

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currencies at year-end are taken to the separate income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds and remuneration to Board of Directors in accordance with the Corporation's Charter and Vietnam's regulatory requirements.

The Corporation maintains the following reserve funds which are appropriated from its' net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

- Statutory reserve fund is set in order to supplement the Corporation's charter capital and ensure its solvency. This fund shall deduct 5% of the Corporation's annual profit after tax until it equals to 10% of the Corporation's charter capital based on Decree 73/2016/ND-CP dated 01 July 2016 by the Ministry of Finance.
- Bonus and welfare fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.
- Investment and Development fund is set up from profit after tax and used for expansion investment of business and production scale, or for intensive investment of enterprises.

3.14 Revenue recognition

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

(i) Gross written premiums

Gross written premiums are recognized as revenue at the point of time when the following conditions are met: (1) the insurance contract has been entered into by the insurer and the insured; and (2) the premium has been paid by the insured or (3) there is agreement between the Corporation and the insured for delayed payment of insurance premium. If the Corporation 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 period. In accordance with Circular No. 50, premium payment period shall not exceed 30 days from policy inception date. For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalment only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

Prepaid premium before due date as at the end of the fiscal year is recorded as "Short-term unearned revenue" in the separate balance sheet.

The refund/reduction of gross written premiums are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Revenue recognition* (continued)

(ii) Interest

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

(iii) Dividends

Income is recognized when the Corporation's right to receive the cash dividend or the appropriated profit is established. Stock dividend and bonus shares received are not recognized in the separate income statement of the Corporation but the number of shares is only updated.

(iv) Other income

Other income is recognised on an accrual basis in the separate income statement.

3.15 *Expense recognition*

(i) Claim expense

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case that the final claim amount has not been finalized but the Corporation is certain that the loss is within its insured liabilities and has paid an advance to the customer as per their request, such advance would also be recognized as claim expense. Any claim that is not yet approved by authorized persons at the end of the fiscal year is considered as an outstanding claim and included in claim reserve.

(ii) Commission expense

Commission is calculated at percentage of direct premiums for specific line of insurance as stipulated in Circular 50. Commission expense is allocated and recognized in the separate income statement for direct premiums earned during the year.

(iii) Agent commendation and support expenses

Agent commendation and support expenses are recognized in the separate income statement on the accrual basis, corresponding to insurance contracts underwritten in the fiscal year but not exceeding 50% of insurance commission of insurance policies in the fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Expense recognition* (continued)

(iv) General administrative expenses

General and administrative expenses are recognized on an accrual basis in the separate income statement..

(v) Operating lease

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

(vi) Other expenses

Other expenses are recognized on an accrual basis in the separate income statement.

3.16 *Recognition of reinsurance activities*

(i) Reinsurance ceded

Reinsurance premium ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.

Reinsurance premium ceded under facultative reinsurance agreements is recognized when the facultative reinsurance agreement has been entered into by the Corporation and when gross written premiums within the scope of the facultative agreements are recognized.

Reinsurance recovery is recognized when there is evidence of liability on the part of the reinsurer.

Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded. At the end of fiscal year, the part of reinsurance commission which is not included in income of current year corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent fiscal years based on the registered method of unearned premium reserve.

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- Revenue and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements but for which the cedants have not sent their statement of accounts are estimated to recognize in the separate income statement based on the historical experience and the Corporation's own estimate taking into account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Recognition of reinsurance activities (continued)

(ii) Reinsurance assumed (continued)

Reinsurance assumed under facultative arrangement:

- Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been entered into by the Corporation and a statement of account (for each facultative reinsurance agreement) has been received from the cedants;
- Claim expenses for reinsurance assumed is recognized when there is evidence of liability of the Corporation and when a statement of account has been sent to the Corporation; and
- Reinsurance commission is recognized when the reinsurance premium is ceded and when a statement of account has been sent to the Corporation. At the end of fiscal year, the part of reinsurance commission which is not included in expense of current year corresponding to unearned premium of reinsurance assumed shall be determined and allocated in the subsequent fiscal years based on registered method for unearned premium reserve.

3.17 Taxation

Current 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 separate balance sheet date.

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Corporation to set off current tax assets against current tax liabilities and when the Corporation intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the separate balance sheet liability method on temporary differences at the separate 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 related 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

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

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

The carrying amount of deferred income tax assets is audited at each separate balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each separate 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 fiscal year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Corporation to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- either the same taxable entity; or
- when the Corporation intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Use of estimates

The preparation of the separate financial statements requires the 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 decrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

3.19 Related parties

Parties are considered to be related parties of the Corporation if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Corporation and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

4. CASH AND CASH EQUIVALENTS

	Ending balance VND	*Beginning balance VND*
Cash on hand	391,231,474	377,890,841
Demand deposits at banks	58,015,373,820	37,107,773,795
Total	**58,406,605,294**	**37,485,664,636**

5. INVESTMENTS

	Notes	*Ending balance VND*	*Beginning balance VND*
Trading securities	**5.1**		
Listed shares		108,386,308,344	192,122,350,743
Unlisted shares		-	1,648,143,000
Provision for trading securities		(661,117,000)	(14,142,957,356)
		107,725,191,344	**179,627,536,387**
Held-to-maturity investments	**5.2**		
Short-term		2,785,157,712,182	2,273,556,601,470
- Term deposits		*2,604,500,000,000*	*2,073,280,846,470*
- Bonds		*180,657,712,182*	*200,275,755,000*
Long-term		300,221,318,237	454,500,000,000
- Term deposits		-	*224,500,000,000*
- Bonds		*300,221,318,237*	*230,000,000,000*
		3,085,379,030,419	**2,728,056,601,470**
Other financial investments	**5.3**		
Investment in subsidiary		34,660,020,000	34,660,020,000
Investments in other entities		75,907,370,000	75,907,370,000
Provision for impairment of other investments		(50,715,571,068)	(40,776,223,556)
		59,851,818,932	**69,791,166,444**
Net value of investments		**3,252,956,040,695**	**2,977,475,304,301**

5. INVESTMENTS (continued)

5.1 *Trading securities*

	Ending balance				*Beginning balance*			
	Quantity Shares	*Cost VND*	*Provision VND*	*Carrying value VND*	*Quantity Shares*	*Cost VND*	*Provision VND*	*Carrying value VND*
Listed shares	**4,080,655**	**108,386,308,344**	**(661,117,000)**	**107,725,191,344**	**9,458,075**	**192,122,350,743**	**(14,142,957,356)**	**177,979,393,387**
ACB	172,500	5,767,117,000	(661,117,000)	5,106,000,000	-	-	-	-
VNR	1,080,010	13,792,407,750	-	13,792,407,750	1,080,010	13,792,403,293	-	13,792,403,293
FPT	1,011,712	29,998,156,392	-	29,998,156,392	879,750	29,998,160,847	-	29,998,160,847
VNM	360,432	29,746,032,205	-	29,746,032,205	300,360	29,746,032,200	-	29,746,032,200
VCB	201,150	6,464,790,706	-	6,464,790,706	267,610	8,600,748,646	-	8,600,748,646
VSC	-	-	-	-	346,566	19,032,817,467	(4,130,479,467)	14,902,338,000
DHG	84,330	4,973,889,661	-	4,973,889,661	84,330	4,973,889,661	-	4,973,889,661
SKG	-	-	-	-	268,170	15,000,058,389	(6,512,477,889)	8,487,580,500
MBB	1,170,521	17,643,914,630	-	17,643,914,630	1,181,279	19,926,665,240	-	19,926,665,240
VCG	-	-	-	-	50,000	1,051,575,000	-	1,051,575,000
SHB	-	-	-	-	5,000,000	50,000,000,000	(3,500,000,000)	46,500,000,000
Unlisted shares	**-**	**-**	**-**	**-**	**256,639**	**1,648,143,000**	**-**	**1,648,143,000**
HDB (*)	-	-	-	-	256,639	1,648,143,000	-	1,648,143,000
	4,080,655	**108,386,308,344**	**(661,117,000)**	**107,725,191,344**	**9,714,714**	**193,770,493,743**	**(14,142,957,356)**	**179,627,536,387**

(*) The Ho Chi Minh Development Joint Stock Commercial Bank (HDB) shares were officially listed on the Ho Chi Minh Stock Exchange (HOSE) on 5 January 2018.

5. INVESTMENTS (continued)

5.2 *Held-to-maturity investments*

	Ending balance				*Beginning balance*			
	31 December 2018				*31 December 2017*			
	Term Year	*Interest rate % per annum*	*Cost VND*	*Carrying value VND*	*Term Year*	*Interest rate % per annum*	*Cost VND*	*Carrying value VND*
Short-term								
Term deposits	1 - 2	5.0 - 8.0	2,604,500,000,000	2,604,500,000,000	1 - 2	4.50 - 7.40	2,073,280,846,470	2,073,280,846,470
Bonds	3	8.78 - 10.50	180,657,712,182	180,657,712,182	3	9.23	200,275,755,000	200,275,755,000
			2,785,157,712,182	**2,785,157,712,182**			**2,273,556,601,470**	**2,273,556,601,470**
Long-term								
Term deposits	2	7.50	-	-	2.0	6.30 - 7.50	224,500,000,000	224,500,000,000
Bonds	2 - 10	8.30 - 8.80	300,221,318,237	300,221,318,237	3 - 5	8.20 - 8.75	230,000,000,000	230,000,000,000
			300,221,318,237	**300,221,318,237**			**454,500,000,000**	**454,500,000,000**
Total			**3,085,379,030,419**	**3,085,379,030,419**			**2,728,056,601,470**	**2,728,056,601,470**

5. INVESTMENTS (continued)

5.3 *Long-term investments*

	Ending balance				*Beginning balance*			
	% owner -ship	*Cost VND*	*Provision VND*	*Carrying value VND*	*% owner-ship*	*Cost VND*	*Provision VND*	*Carrying value VND*
Investments in subsidiary								
- LaoViet Insurance Company	65%	34,660,020,000	-	34,660,020,000	65%	34,660,020,000	-	34,660,020,000
		34,660,020,000	**-**	**34,660,020,000**		**34,660,020,000**	**-**	**34,660,020,000**
Investments in other entities								
- Green Indochina Development Joint Stock Company	4.21%	25,907,370,000	(25,907,370,000)	-	4.21%	25,907,370,000	(21,515,331,000)	4,392,039,000
- BIDV Metlife Life Insurance Company	5%	50,000,000,000	(24,808,201,068)	25,191,798,932	5%	50,000,000,000	(19,260,892,556)	30,739,107,444
		75,907,370,000	**(50,715,571,068)**	**25,191,798,932**		**75,907,370,000**	**(40,776,223,556)**	**35,131,146,444**
		110,567,390,000	**(50,715,571,068)**	**59,851,818,932**		**110,567,390,000**	**(40,776,223,556)**	**69,791,166,444**

6. SHORT-TERM RECEIVABLES

	Ending balance VND	*Beginning balance VND*
Insurance receivables		
Gross written premium receivables	54,276,008,889	49,983,093,448
Reinsurance assumed receivables	177,840,052,961	140,109,805,417
Reinsurance ceded receivables	140,057,515,662	135,884,426,152
Receivables from co-insurers	7,564,335,695	6,240,070,014
Other receivables from insurance activities	2,615,410,910	346,662,878
	382,353,324,117	**332,564,057,909**
Other trade receivables	**19,453,987**	**19,453,987**
Short-term advances to suppliers	**720,783,096**	**2,415,675,531**
Other receivables		
Dividend receivables	360,432,004	28,436,110,469
Bank deposit interest receivables	113,634,127,744	90,379,638,895
Bond coupon receivables	10,835,800,283	14,859,589,042
Advances	5,608,771,145	3,734,008,078
Office rental deposit	508,800,000	508,800,000
Short-term mortgages, deposits	304,943,000	507,110,000
Other receivables	2,676,839,447	3,499,244,356
	133,929,713,623	**141,924,500,840**
Total receivables	**517,023,274,823**	**476,923,688,267**
Allowance for doubtful debts	(38,068,086,483)	(16,441,499,301)
Net receivables	**478,955,188,340**	**460,482,188,966**

7. DEFERRED COMMISSION EXPENSES

	Ending balance VND	*Beginning balance VND*
Opening balance	**90,001,335,617**	**75,760,525,457**
Commission paid during the year	201,408,131,657	157,515,081,339
Allocated to expenses during the year	(171,324,804,134)	(143,274,271,179)
Closing balance	**120,084,663,140**	**90,001,335,617**

8. STATUTORY DEPOSIT

The Corporation maintains a statutory deposit at 2% of its legal capital, equivalent to VND 8,000,000,000, as required in Point 2 - Article 16 of Decree No. 73/2016/ND-CP dated 01 July 2016.

9. TANGIBLE FIXED ASSETS

	Buildings VND	*Machinery VND*	*Motor vehicles VND*	*Offi equipme VN*
Costs:				
Beginning balance	2,300,000,000	4,728,077,816	52,792,422,323	154,674,2
Newly purchased	-	31,768,000	-	54,418,7
Ending balance	2,300,000,000	4,759,845,816	52,792,422,323	209,092,9
Accumulated depreciation:				
Beginning balance	536,666,690	3,626,724,429	34,540,189,275	117,785,2
Depreciation for the year	92,000,004	675,040,589	5,532,000,551	26,349,3
Ending balance	628,666,694	4,301,765,018	40,072,189,826	144,134,5
Net book value:				
Beginning balance	1,763,333,310	1,101,353,387	18,252,233,048	36,888,9
Ending balance	1,671,333,306	458,080,798	12,720,232,497	64,958,3

10. INTANGIBLE ASSETS

	Computer software VND	*Other intangible assets VND*	*Land use right VND*	*Total VND*
Costs:				
Beginning balance	275,849,125	70,000,000	6,500,000,000	6,845,849,125
Ending balance	275,849,125	70,000,000	6,500,000,000	6,845,849,125
Accumulated amortisation:				
Beginning balance	197,194,921	59,370,357	-	256,565,278
Amortization during the year	39,368,281	10,629,643	-	49,997,924
Ending balance	236,563,202	70,000,000	-	306,563,202
Net book value:				
Beginning balance	78,654,204	10,629,643	6,500,000,000	6,589,283,847
Ending balance	39,285,923	-	6,500,000,000	6,539,285,923

11. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses are office maintenance expenses, tools and consumables which can be used in more than one year.

12. TRADE PAYABLES

	Ending balance VND	*Beginning balance VND*
Insurance activities	**431,110,363,427**	**292,688,867,162**
Payables for ceded activities	289,442,927,813	170,613,912,668
Payables to co-insurers	7,871,436,240	4,810,758,095
Claim payables	35,049,994,899	61,126,787,517
Commission payables	15,245,763,525	11,958,207,066
XOL payables	83,468,695,724	44,145,426,190
Other insurance payables	31,545,226	33,775,626
Other trade payables	**331,834,047**	**329,705,371**
Other payables	331,834,047	329,705,371
	431,442,197,474	**293,018,572,533**

13. TAXES AND OTHER STATUTORY OBLIGATIONS

	Beginning balance VND	*Movement during the year*		*Ending balance VND*
		Payables VND	*Paid VND*	
Value added tax	7,623,549,005	84,670,017,991	(85,575,505,322)	6,718,061,674
Corporate income tax	18,906,520,723	53,944,807,091	(57,514,592,928)	15,336,734,886
Other taxes	3,551,295,626	16,136,998,553	(16,197,110,793)	3,491,183,386
Total	**30,081,365,354**	**154,751,823,635**	**(159,287,209,043)**	**25,545,979,946**

14. SHORT-TERM ACCRUED EXPENSES

	Ending balance VND	*Beginning balance VND*
Compulsory civil liability fund	265,241,689	91,770,129
Policy holder protection fund	3,680,630,442	3,482,247,368
Compulsory fire and miscellaneous fund	3,073,975,603	1,785,993,680
Fund contribution to enhance management and supervision over insurance market	292,799,181	256,840,905
Other accrued expenses	60,188,638,631	30,556,712,354
Total	**67,501,285,546**	**36,173,564,436**

15. UNEARNED COMMISSION REVENUE

Unearned commission revenue is the deferred commission on reinsurance ceded which is not included in income of current year corresponding to unearned premium of reinsurance ceded and shall be allocated in subsequent fiscal years in accordance with Circular No. 232/2012/TT-BTC issued by Ministry of Finance.

	Ending balance VND	*Beginning balance VND*
Opening balance	**68,584,002,459**	**75,625,954,806**
Increased during the year	152,665,381,226	118,961,960,951
Allocated during the year	(139,657,182,159)	(126,003,913,298)
Closing balance	**81,592,201,526**	**68,584,002,459**

16. OTHER PAYABLES

	Ending balance VND	*Beginning balance VND*
Other short-term payables	**19,888,603,386**	**40,486,965,141**
Employee expenses payable other than salaries	182,171,005	423,049,876
Short-term deposits	7,577,487,142	26,034,159,929
Charity funds	106,151,624	539,544,647
Dividend payables	335,132,400	310,429,900
Other payables	11,687,661,215	13,179,780,789
Other long-term payables	**1,385,593,774**	**2,020,823,234**
Mortgage, deposit received	1,385,593,774	2,020,823,234
Total	**21,274,197,160**	**42,507,788,375**

17. TECHNICAL RESERVES

17.1. Unearned premium reserve and claim reserve

	Reserve for direct insurance and inward reinsurance VND	*Reserve for outward reinsurance (reinsurance assets) VND*	*Net reserve VND*
Opening balance			
Unearned premium reserve	**978,302,133,675**	**(274,705,055,287)**	**703,597,078,388**
Mathematical reserve for health care insurance	*194,619,071,406*	*(304,645,163)*	*194,314,426,243*
Unearned premium reserve for non - life insurance	*783,683,062,269*	*(274,400,410,124)*	*509,282,652,145*
Claim reserve	**832,338,681,946**	**(618,462,603,120)**	**213,876,078,826**
Outstanding claim reserve	*793,401,315,431*	*(617,012,296,508)*	*176,389,018,923*
Incurred but not reported reserve	*38,937,366,515*	*(1,450,306,612)*	*37,487,059,903*
Catastrophe reserve	**95,495,907,148**	-	**95,495,907,148**
Total	**1,906,136,722,769**	**(893,167,658,407)**	**1,012,969,064,362**
Closing balance			
Unearned premium reserve	**1,154,597,904,511**	**(319,526,719,142)**	**835,071,185,369**
Mathematical reserve for health care insurance	*295,411,536,422*	*(31,124,785,327)*	*264,286,751,095*
Unearned premium reserve for non - life insurance	*859,186,368,089*	*(288,401,933,815)*	*570,784,434,274*
Claim reserve	**843,616,989,084**	**(634,945,281,849)**	**208,671,707,235**
Outstanding claim reserve	*781,245,881,264*	*(616,080,359,879)*	*165,165,521,385*
Incurred but not reported reserve	*62,371,107,820*	*(18,864,921,970)*	*43,506,185,850*
Catastrophe reserve	**109,373,268,467**	-	**109,373,268,467**
Total	**2,107,588,162,062**	**(954,472,000,991)**	**1,153,116,161,071**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.1 Unearned premium reserve

Gross unearned premium reserve

Product	*Ending balance VND*	*Beginning balance VND*
Health and Personal Accident	295,411,536,422	194,619,071,406
Property and Damages	294,351,790,510	309,031,781,351
Cargo	10,185,509,000	9,716,936,513
Automobile	345,069,279,699	315,836,653,883
Fire	174,837,523,019	114,434,985,491
Liability	7,363,551,936	7,089,397,759
Business Risk	4,702,094,127	3,223,387,523
Aviation	394,885,793	830,303,285
Hull and P&I	19,653,422,855	20,876,226,745
Financial and credit risk	2,361,339,187	1,230,332,056
Agriculture	266,971,963	1,413,057,663
Total	**1,154,597,904,511**	**978,302,133,675**

Ceded unearned premium reserve (Reinsurance assets)

Product	*Ending balance VND*	*Beginning balance VND*
Health and Personal Accident	31,124,785,327	304,645,163
Property and Damages	163,414,698,555	184,356,970,220
Cargo	6,761,977,214	5,989,437,428
Automobile	5,710,864,772	6,350,480,397
Fire	89,533,888,347	54,581,759,423
Liability	3,981,446,543	4,071,614,322
Business Risk	4,195,101,602	2,915,262,839
Aviation	348,263,032	707,026,635
Hull and P&I	12,998,828,937	13,665,345,644
Financial and credit risk	1,248,650,711	881,767,655
Agriculture	208,214,102	880,745,561
Total	**319,526,719,142**	**274,705,055,287**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.2 Claim reserve

Gross claim reserve

Product	*Ending balance VND*	*Beginning balance VND*
Health and Personal Accident	65,451,757,093	24,172,425,544
Property and Damages	225,957,542,968	400,565,178,536
Cargo	18,249,616,223	22,529,077,925
Automobile	57,087,373,504	60,439,717,314
Fire	357,593,592,928	233,642,666,427
Liability	2,918,038,244	3,932,886,269
Business Risk	1,361,650,000	2,648,918,443
Aviation	14,899,430,899	14,516,700,257
Hull and P&I	61,918,477,476	29,359,434,474
Financial and credit risk	38,026,247,487	40,378,414,495
Agriculture	153,262,262	153,262,262
Total	**843,616,989,084**	**832,338,681,946**

Ceded reinsurance claim reserve (Reinsurance assets)

Product	*Ending balance VND*	*Beginning balance VND*
Health and Personal Accident	26,739,505,440	4,474,816
Property and Damages	250,599,201,559	354,086,834,408
Cargo	14,777,234,127	15,076,465,922
Automobile	368,912,521	999,072,460
Fire	264,995,021,716	190,979,515,099
Liability	1,515,797,645	2,216,239,468
Business Risk	1,238,913,890	1,945,481,979
Aviation	12,671,087,168	12,380,601,420
Hull and P&I	48,081,667,147	23,506,769,010
Financial and credit risk	13,957,940,636	17,267,148,538
Total	**634,945,281,849**	**618,462,603,120**

17.2. Catastrophe reserve

	Ending balance VND	*Beginning balance VND*
Opening balance	**95,495,907,148**	**83,000,220,514**
Increased during the year	13,877,361,319	12,495,686,634
Closing balance	**109,373,268,467**	**95,495,907,148**

18. OWNERS' EQUITY

	Charter capital VND	*Share premium VND*	*Investment and development fund VND*	*Statutory reserve VND*	*Undistributed earnings VND*	*Total VND*
Balance at 01 January 2017	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**27,976,733,665**	**109,084,076,136**	**1,971,852,749,201**
Profit for the year	-	-	-	-	174,802,085,188	174,802,085,188
Appropriation to statutory reserves	-	-	-	8,737,586,582	(8,737,586,582)	-
Appropriation to Bonus and Welfare funds	-	-	-	-	(20,000,000,000)	(20,000,000,000)
Dividend payment	-	-	-	-	(82,093,826,500)	(82,093,826,500)
Balance at 31 December 2017	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**36,714,320,247**	**173,054,748,242**	**2,044,561,007,889**
Balance at 01 January 2018	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**36,714,320,247**	**173,054,748,242**	**2,044,561,007,889**
Profit for the year	-	-	-	-	147,577,681,313	147,577,681,313
Appropriation to statutory reserves	-	-	-	7,378,884,043	(7,378,884,043)	-
Appropriation to Bonus and Welfare funds (*)	-	-	-	-	(23,000,000,000)	(23,000,000,000)
Appropriation to Investment and Development funds (*)	-	-	43,700,521,297	-	(43,700,521,297)	-
Dividend payment (*)	-	-	-	-	(82,093,826,500)	(82,093,826,500)
Balance at 31 December 2018	**1,172,768,950,000**	**655,565,033,362**	**50,158,477,335**	**44,093,204,290**	**164,459,197,715**	**2,087,044,862,702**

(*) In accordance with Resolution No. 01/2018/NQ-DHDCD dated 10 April 2018 approved by Annual General Meeting of Shareholders.

18. OWNERS' EQUITY (continued)

18.1. *Contributed capital*

	Ending balance VND	*Beginning balance VND*
Contributed by parent company (BIDV)	597,492,590,000	597,492,590,000
Contributed by Strategic investor (Fairfax)	410,469,130,000	410,469,130,000
Contributed by other shareholders	164,807,230,000	164,807,230,000
Total	**1,172,768,950,000**	**1,172,768,950,000**

18.2. *Capital transactions with owners and distributions of dividends*

	Current year VND	*Previous year VND*
Paid-in capital		
Contributed capital at the begining of the year	1,172,768,950,000	1,172,768,950,000
Contributed capital at the end of the year	**1,172,768,950,000**	**1,172,768,950,000**
Dividends	**(82,093,826,500)**	**(82,093,826,500)**

18.3. *Shares*

	Current year	*Previous year*
Authorized shares	**117,276,895**	**117,276,895**
Issued shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895
Outstanding shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895
Total	**117,276,895**	**117,276,895**

Par value of outstanding shares (VND/share): 10,000

19. INSURANCE REVENUE

	Current year VND	*Previous year VND*
Direct written premiums	1,778,952,559,492	1,595,426,466,856
Deductions from direct premiums	(140,355,285)	(1,142,242,681)
Total direct written premiums	**1,778,812,204,207**	**1,594,284,224,175**
Reinsurance premium assumed	300,224,723,139	187,985,628,791
Increase in un-earned premium reserve	(176,295,770,836)	(63,054,991,646)
Total	**1,902,741,156,510**	**1,719,214,861,320**

19.1 Direct written premiums

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	305,297,269,371	239,302,394,912
Property and Damages	264,654,049,873	287,274,721,893
Cargo	131,528,486,652	126,893,447,615
Automobile	620,739,172,963	587,309,181,206
Fire	346,903,489,214	243,520,674,917
Liability	14,395,040,767	12,564,218,115
Business Risk	10,794,957,268	5,135,138,370
Aviation	227,240,676	205,335,000
Hull and P&I	79,462,064,868	84,176,105,958
Financial and credit risk	4,029,010,318	5,055,482,000
Agriculture	781,422,237	2,847,524,189
Total	**1,778,812,204,207**	**1,594,284,224,175**

19.2 Reinsurance premiums assumed

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	114,344,207,582	6,577,973,657
Property and Damages	117,369,560,763	121,493,891,036
Cargo	1,568,049,221	3,091,752,482
Automobile	46,107,844,082	38,886,419,233
Fire	14,121,885,984	11,230,253,044
Liability	481,253,453	514,740,001
Business Risk	2,394,991,890	2,792,572,986
Aviation	3,292,660,102	3,013,029,127
Hull and P&I	163,579,695	224,208,976
Financial and credit risk	366,578,367	162,663,353
Agriculture	14,112,000	(1,875,104)
Total	**300,224,723,139**	**187,985,628,791**

20. REINSURANCE PREMIUM CEDED

	Current year VND	*Previous year VND*
Reinsurance premium ceded	691,300,795,399	532,701,189,549
Change in ceded unearned premium reserve	(44,821,663,855)	22,777,983,099
Total	**646,479,131,544**	**555,479,172,648**

Reinsurance premium ceded includes:

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	62,915,743,408	1,386,850,047
Property and Damages	263,014,513,971	232,544,335,741
Cargo	89,098,923,694	87,167,998,807
Automobile	6,128,026,714	2,632,685,826
Fire	191,910,500,616	130,245,473,244
Liability	8,345,637,680	7,308,703,387
Business Risk	11,837,652,324	6,917,641,394
Aviation	1,880,134,170	2,741,965,376
Hull and P&I	53,619,336,163	57,910,730,509
Financial and credit risk	2,269,946,393	2,285,299,081
Agriculture	280,380,266	1,559,506,137
Total	**691,300,795,399**	**532,701,189,549**

21. COMMISSION ON REINSURANCE CEDED

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	6,596,704,208	488,390,719
Property and Damages	52,877,003,960	54,690,381,586
Cargo	25,548,507,172	23,497,900,113
Automobile	1,772,909,907	1,024,870,186
Fire	41,818,186,476	35,215,469,417
Liability	952,335,546	765,147,130
Business Risk	1,755,717,655	1,396,285,883
Aviation	471,007,938	554,125,794
Hull and P&I	7,639,438,281	8,131,672,229
Financial and credit risk	150,610,794	140,352,222
Agriculture	74,760,222	99,318,019
Total	**139,657,182,159**	**126,003,913,298**

22. OTHER INCOME FROM INSURANCE ACTIVITIES

	Current year VND	*Previous year VND*
Policy management fee	25,797,999,021	27,637,663,411
Other income (*)	613,634,518	(1,323,735,769)
Total	**26,411,633,539**	**26,313,927,642**

(*) Other income includes leading fee from coinsurance and other income from reinsurance activities.

23. NET CLAIM EXPENSES

	Current year VND	*Previous year VND*
Claim expenses	931,362,725,743	763,193,926,098
- *Direct claim expenses*	*852,878,256,087*	*684,867,852,708*
- *Claim expense on reinsurance assumed*	*78,484,469,656*	*78,326,073,390*
Salvage and sub-rogation	(15,248,825,151)	(14,916,393,454)
Recovery from reinsurance ceded	(343,438,738,560)	(260,813,611,175)
Increase in gross claim reserve	11,278,307,138	328,460,051,169
Increase in ceded reinsurance claim reserve	(16,482,678,729)	(283,741,314,433)
Total	**567,470,790,441**	**532,182,658,205**

23. CLAIM EXPENSES (continued)

23.1 *Direct claim expenses*

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	82,398,151,093	73,400,738,158
Property and Damages	179,316,736,508	100,693,418,516
Cargo	59,480,934,362	37,448,851,705
Automobile	312,368,902,185	281,598,803,184
Fire	186,466,272,506	174,356,867,364
Liability	576,308,084	1,191,049,938
Business risk	31,478,527	457,923,942
Hull and P&I	30,926,177,902	15,720,199,901
Financial and credit risk	782,944,299	-
Agriculture	530,350,621	-
Total	**852,878,256,087**	**684,867,852,708**

23.2 *Claim expense on reinsurance assumed*

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	42,034,798,349	297,165,905
Property and Damages	16,153,171,083	64,149,028,265
Cargo	2,007,936,619	889,109,979
Automobile	18,239,917,224	12,654,493,325
Fire	14,673,360	339,189,768
Business risk	5,107,826	-
Aviation	-	(800,357,608)
Hull and P&I	6,739,195	767,036,858
Agriculture	22,126,000	30,406,898
Total	**78,484,469,656**	**78,326,073,390**

23.3 *Recoveries from reinsurance ceded*

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	4,532,624,601	428,348,840
Property and Damages	132,014,094,266	102,150,635,802
Cargo	34,012,121,072	14,852,748,289
Automobile	719,405,674	538,704,178
Fire	147,022,842,536	133,932,523,853
Liability	375,709,786	416,646,605
Business risk	31,544,555	384,580,223
Aviation	(120,265,794)	(2,526,561,990)
Hull and P&I	23,603,031,690	10,635,985,375
Financial and credit risk	743,797,084	-
Agriculture	503,833,090	-
Total	**343,438,738,560**	**260,813,611,175**

24. OTHER OPERATING EXPENSES

	Current year VND	*Previous year VND*
Commission	171,324,804,134	143,274,271,179
Insurance risk assessment expenses	92,953,940	92,089,334
Agent management activities	21,106,607,006	19,124,229,140
Loss prevention	793,476,139	2,344,239,642
Statutory contributions	6,771,443,296	6,923,769,876
Other expenses	359,625,885,346	319,107,866,854
Total	**559,715,169,861**	**490,866,466,025**

Other expenses include the expenses related to underwriting activities such as marketing expenses, entertainment meals, telephones, petro, per-diem, postage expense...

25. FINANCE INCOME

	Current year VND	*Previous year VND*
Interest income from deposits at banks	172,097,435,640	162,773,084,124
Interest income from bonds	38,743,076,280	26,032,924,245
Distributed profit	8,922,912,781	46,189,204,628
Dividend income	6,005,512,100	8,092,335,000
Gain from exchange rate difference	7,154,183,914	4,095,724,013
Gain from security trading	22,044,213,642	725,870,858
Other financial incomes	-	4,197,745
Total	**254,967,334,357**	**247,913,340,613**

26. FINANCE EXPENSES

	Current year VND	*Previous year VND*
Interest expenses	13,181,918	5,221,540
Bond premium allocated expenses	488,827,909	-
Security trading expenses	267,934,919	111,379,171
Loss on security trading	13,530,152,799	4,995,347,155
Loss on exchange rate difference	6,080,552,220	2,995,758,993
(Reversal of provision)/provisions for diminution in value of investments	(3,542,492,844)	9,433,134,124
Other financial expenses	117,643,034	166,258,928
Total	**16,955,799,955**	**17,707,099,911**

27. GENERAL AND ADMINISTRATIVE EXPENSES

	Current year VND	*Previous year VND*
Employee expenses	168,318,392,257	162,561,479,086
Material expenses	10,596,346,217	10,330,123,651
Tool and equipment expenses	3,691,666,443	3,333,089,492
Depreciation expenses	6,430,647,940	6,621,353,337
Tax, fee, and charge	8,230,436,794	6,534,804,226
Expenses for external services	91,874,462,770	105,347,320,812
Provision/(reversal of provision) for doubtful debts	21,626,587,182	(2,256,919,770)
Other expenses	5,848,919,405	5,428,182,636
Total	**316,617,459,008**	**297,899,433,470**

28. OTHER INCOME

	Current year VND	*Previous year VND*
Income from disposal of assets	36,037,260	25,089,055
Other income	1,261,975,442	445,146,006
Total	**1,298,012,702**	**470,235,061**

29. OTHER EXPENSES

	Current year VND	*Previous year VND*
Administrative penalty	708,390,867	27,963,627
Other expenses	674,121,605	89,027,080
Total	**1,382,512,472**	**116,990,707**

30. CORPORATE INCOME TAX

The Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 20% of its taxable profits from 2018 (2017: 20%).

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

30. CORPORATE INCOME TAX (continued)

30.1 Corporate Income Tax Expense

	Current year VND	*Previous year VND*
Current CIT expense	53,944,807,091	43,772,804,966
Deferred tax expense/(income)	1,054,606,263	(5,406,119,820)
Total	**54,999,413,354**	**38,366,685,146**

The current corporate income tax payable is determined based on taxable income for the period. Taxable income distinguishes from accounting profit reported on the separate 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 for tax purpose. The Corporation's liability for current tax is calculated using tax rates that have been enacted by the separate balance sheet date.

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	Current year VND	*Previous year VND*
Accounting profit before tax	**202,577,094,667**	**213,168,770,334**
CIT rate	20%	20%
Corporate Income Tax	**40,515,418,933**	**42,633,754,067**
Adjustments to increase:	**20,830,435,024**	**13,290,312,750**
Non-deductible expenses	15,398,510,030	4,905,721,567
Penalty for late payment of tax	*253,767,742*	*7,898,725*
Accrual of policy holder protection fund	*39,676,615*	*491,697,965*
Adjustment of estimated reinsurance during the year	*132,281,148*	*2,456,994,518*
Accrued expenses in the current year	*8,164,932,973*	-
Provision for doubtful debts	*4,575,036,435*	-
Provision for other long-term investments	*1,987,869,502*	*1,399,833,070*
Other non-deductible expenses	*244,945,615*	*549,297,289*
Under accrual of tax from prior years	5,431,924,994	8,384,591,183
Adjustments to decrease:	**(7,401,046,866)**	**(12,151,261,851)**
Tax exempted income from business activities	(2,985,684,976)	(10,856,307,926)
Cancellation of premium revenue due to ineligibility for recognition under Circular 50	(129,606,087)	(235,575,834)
Accrued expenses in the prior year	(3,359,958,684)	(1,059,378,091)
Other adjustments to decrease	(925,797,119)	-
Current CIT expense	**53,944,807,091**	**43,772,804,966**

30. CORPORATE INCOME TAX (continued)

30.2 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognized by the Corporation, and the movements thereon, during the current and previous year.

	Separate balance sheet		*Separate income statement*	
	Ending balance VND	*Beginning balance VND*	*Current year VND*	*Previous year VND*
Deferred tax assets				
Loss on revaluation of monetary asset items	-	90,502,034	90,502,034	(90,502,034)
Loss on estimated treaty contracts	3,310,070,338	2,034,408,989	(1,275,661,349)	(2,034,408,989)
Loss on estimated facultative contracts	-	422,585,529	422,585,529	(422,585,529)
	3,310,070,338	**2,547,496,552**		
Deferred tax liabilities				
Gain from revaluation of monetary asset items	1,096,385,377	-	1,096,385,377	-
Gain from estimates of treaty contracts	-	-	-	(2,313,618,895)
Gain from estimates of facultative contracts	720,794,672	-	720,794,672	(545,004,373)
	1,817,180,049	**-**		
Net deferred tax assets	**1,492,890,289**	**2,547,496,552**		
Net deferred tax credit/(charge) to separate income statement			**1,054,606,263**	**(5,406,119,820)**

31. TRANSACTIONS WITH RELATED PARTIES

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

Company	*Relationship*	*Transaction*	*Current year VND*	*Previous year VND*
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Gross written premiums	104,004,181,768	109,862,973,246
		Claim expense	(4,129,270,451)	(3,452,079,749)
		Commission expense	(36,689,838,516)	(24,187,928,498)
		Interest income from term deposit	143,382,345,626	140,898,206,145
		Office rental expense	(12,538,210,946)	(12,399,204,673)
		Bank transfer expense	(2,459,510,767)	(2,090,644,079)
		Bank overdraft interest	-	(5,221,540)
BIDV Leasing Company	Affiliate	Gross written premiums	247,233,079	318,902,806
		Claim expense	(250,962,364)	(14,300,000)
BIDV Securities Company	Affiliate	Gross written premiums	437,000	-
Bank for Investment and Development of Cambodia (BIDC)	Affiliate	Gross written premiums	438,959,258	394,506,883
		Interest income from term deposit	5,310,160,978	3,726,959,430
		Claim expense	(104,720,980)	(17,599,970)
Lao Viet Insurance Company	Subsidiary	Assumed reinsurance premium	104,871,965,288	58,477,014,830
		Commission from reinsurance assumed	(27,644,359,212)	(14,348,935,413)
		Claim expense from reinsurance assumed	(14,926,990,896)	(13,503,253,578)

31. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related company	*Relationship*	*Description*	*Ending balance VND*	*Beginning balance VND*
Trade receivables				
Joint stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Current account	56,408,473,267	34,324,730,409
		Term deposits	2,260,500,000,000	2,010,280,846,470
		Interest from term deposits	96,458,075,689	77,578,268,061
		Premium receivables	71,016,931	66,775,605
		Compulsory deposit at BIDV	8,000,000,000	8,000,000,000
		Deposits in blocked account	1,552,404,293	1,673,454,293
BIDV Leasing Company I	Affiliate	Premium receivables	397,120,058	290,236,789
Bank for Investment and Development of Cambodia (BIDC)	Affiliate	Term Deposits	61,500,000,000	64,500,000,000
		Interest from term deposits	2,354,509,589	2,257,704,166
Lao Viet Insurance Company	Subsidiary	Receivables for premium assumed	48,039,410,547	48,503,241,468
Trade payables				
Joint stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Commission payables	3,217,969,435	2,420,737,143
		Office rent payables	33,371,550	635,045,193
BIDV Leasing Company I	Affiliate	Commission payables	8,295,000	3,431,100
Lao Viet Insurance Company	Subsidiary	Claim payables for reinsurance assumed	11,357,439,731	13,020,429,251
		Claim reserve for reinsurance assumed	9,735,839,684	12,030,081,052

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of Board of Directors:

	Current year VND	*Previous year VND*
Remuneration	252,000,000	252,000,000
Total	**252,000,000**	**252,000,000**

Remuneration to members of Board of Management:

	Current year VND	*Previous year VND*
Salaries and bonus	10,949,255,905	9,071,263,355
Other benefits	504,133,340	237,000,000
Total	**11,453,389,245**	**9,308,263,355**

Apart from salaries and bonus, the Board of Management is not entitled to any other benefits.

32. INFORMATION ON SEGMENT REPORTING

According to VAS 28, the reportable segments defined as follows:

- A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments;
- A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

In the view of BIC, the member companies of Corporation provide same non-life insurance products, operate in the same economy, and use the same processes and underwriting channels that are standardized and designed by the Corporation.

Besides, these companies are engaged in the same business risk, legal environment and have no other economic benefit with entities in other economic environment and the geographical segment does not affect on the scope of providing insurance service of those companies. Therefore, BIC does not have segments which fit the definition of segmental disclosures as required by VAS 28.

33. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Corporation leases office premises under an operating lease. Future rental amounts due under operating leases as at the year-end were as follows:

	31 December 2018 VND	*31 December 2017 VND*
Operating lease commitments due:		
- Less than 1 year	339,627,378	8,227,573,091
- From 1 – 5 years	16,784,410,827	20,197,843,012
- More than 5 years	2,296,588,241	1,135,678,693
Total	**19,420,626,446**	**29,561,094,796**

Foreign contractor withholding tax

The Corporation accounted for the FCT on reinsurance premiums ceded to overseas reinsurers from countries without Double Tax Treaty with Vietnam or from countries with Double Tax Treaty with Vietnam but the reinsurers have not submitted adequate supporting documents.

Off-balance sheet items

ITEMS	*31 December 2018*	*31 December 2017*
Insurance policies signed but not yet effective (VND)	102,782,115,105	103,416,464,824
Foreign currency (USD)	1,702,169.19	60,895.28
Foreign currency (EUR)	257,582.66	248,407.06
Foreign currency (GBP)	12,328.41	28,776.59
Foreign currency (AUD)	62,629.39	12,350.33

34. RISK MANAGEMENT FRAMEWORK

34.1 Governance framework

The primary objective of the Corporation's risk and financial management framework is to protect the Corporation's shareholders from events that hinder the sustainable achievement of financial performance objectives. The Board of Directors and Management recognise the importance of having efficient and effective risk management systems in place.

The Corporation has established a risk management function which agreed clear terms of reference by the Board of Directors and committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to the Board of Management and other senior management. A policy framework has been developed and implemented which sets out the risk profiles for the Corporation, risk management; control and business conduct standards for the Corporation's operations. Each policy has a member of the Board of Management charged with overseeing compliance with the policy throughout the Corporation.

34. RISK MANAGEMENT FRAMEWORK (continued)

34.2 Risk management objectives, policies and processes for management of insurance risk

The primary insurance activity carried out by the Corporation is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such the Corporation is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Corporation also has exposure to market risk through its insurance and investment activities.

The Corporation manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues.

34.3 Capital management and regulatory framework

The primary capital management objective of the Corporation is to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. The Corporation recognises the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance.

Regulatory capital requirements arising from the operations of the Corporation require the Corporation to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The solvency requirements that apply to the Corporation is those set out in Circular 50.

The table below summarises the minimum regulatory solvency margin for the Corporation and the solvency capital held against each of them. Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance subsidiaries are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Corporation maintain appropriate solvency position to meet unforeseen liabilities arising from economic turmoil or natural disasters.

	Corporation Solvency Margin VND million	*Minimum Solvency Margin VND million*	*Solvency Margin Ratio*
31 December 2018	1,760,848	362,125	486%
31 December 2017	1,756,678	303,939	578%

The solvency ratio of the Corporation is calculated based on the relevant regulations promulgated by the Ministry of Finance in Vietnam, which is an indicator of the overall solvency position of the relevant insurance operations.

34. RISK MANAGEMENT FRAMEWORK (continued)

34.4 Underwriting strategy

The Corporation's underwriting strategy seeks the diversity for products, distribution channel and focus on the most profitable products to ensure a balanced mix of business portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

34.5 Reinsurance strategy

The Corporation reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. The amount of each risk retained depends on the Corporation's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Corporation remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Ceded reinsurance contains credit risk, and to minimise such risk, only those reinsurers whose credit rating either assessed by credit rating agencies or internally assessed by the Corporation are satisfied to have business with the Corporation.

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Corporation issues contracts that transfer insurance risk or financial risk or both. The following gives details of the Corporation's main products and the ways in which it manages the associated risks.

35.1 Insurance risk

Assumptions, changes in assumptions and sensitivity analysis

The process used to determine the assumptions is intended to result in estimates of the most likely outcome. The sources of data used as inputs for the assumptions are internal, based on detailed studies that are carried out regularly. The assumptions are checked to ensure that they are consistent with other observable information. There is more emphasis on current trends, and where there is insufficient historical information, prudent assumptions are used.

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed and updated regularly when there is updated information. The provision is estimated based on information currently available.

The claim reserve is calculated based on method regulated in Circular 50 issued by the Ministry of Finance. Details of such reserving methodologies are as follows:

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.1 Insurance risk (continued)

Assumptions, changes in assumptions and sensitivity analysis (continued)

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified or requested for payment but is still unresolved at the end of the fiscal year, accordance with the Circular 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) calculated at the rate of 3% of premium for each insurance operation.

The Corporation issues general insurance contracts such as cargo, hull, aviation, engineering, fire, health and personal accident, general indemnity and automobile. Risks under general insurance contracts usually cover twelve-month duration.

The Corporation is exposed to cumulative risks from the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi, Hai Phong, Da Nang and Dong Nai.

For general insurance contracts, most of significant risks arise from climate changes and natural disasters. Vietnam has suffered heavily from catastrophes such as tropical typhoon, river flood, flash flood, heavy rain and landslide. It is expected that tropical typhoon will affect Vietnam regularly with the high severity and insured losses. In view of the exposures, the general insurance has arranged the reinsurance protection for the fire, engineering, motor, marine hull & cargo, fishing vessels portfolios against the catastrophe events to minimize the risks.

For late notified claims that take more than a year to settle, there is also inflation risk. These risks do not vary significantly in relation to the location, type of risk insured and industry.

The Corporation has also limited its exposure by imposing maximum insured amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. typhoon and flood damages).

The purpose of the reinsurance and reinsurance strategy is to reduce the risk associated with the Group's catastrophic risk exposure as determined by the Board of Directors. The Board of Directors may decide to increase or decrease the maximum tolerance based on market conditions and other factors.

Concentration level of insurance risk

Insurance risks of the Corporation include most types of non-life insurance risks as cargo, marine, aviation, oil and gas, property, personal and accident, engineering risk, etc. Aside from accumulative risk in the same category, the Corporation also faces concentration of risks e.g. vessel and cargo insurance, asset and human insurance, etc. the Corporation has internal policies on the management of concentration of risks and reinsurance protection contracts to limit liability when accumulative risk events or disasters occur.

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.1 Insurance risk (continued)

Claim data table

The table below presents estimates of cumulative claim incurred and cumulative payment to date:

Currency: million VND

ITEMS	Accident year					
	2014	2015	2016	2017	2018	Total
At end of accident year	1	2	3	4	5	6
I. Estimate of cumulative claims incurred						
1	236,439	331,092	418,898	489,421	546,979	
2	238,552	352,058	453,511	496,058	-	
3	244,654	353,098	462,783	-	-	
4	245,008	354,133	-	-	-	
5	244,818	-	-	-	-	
Current estimate of cumulative claims incurred (1)	**244,818**	**354,133**	**462,783**	**496,058**	**546,979**	**2,104,771**
II. Cumulative claim payment						
1	162,897	234,260	322,946	343,231	418,694	
2	226,832	327,997	446,201	470,190	-	
3	239,805	343,809	464,973	-	-	
4	241,832	349,445	-	-	-	
5	243,965	-	-	-	-	
Cumulative claim payment to date (2)	**243,965**	**349,445**	**464,973**	**470,190**	**418,694**	**1,947,267**
III. Net outstanding claim reserve (3) = (1) – (2)	**853**	**4,688**	**(2,190)**	**25,868**	**128,285**	**157,504**
IV. Current estimate of surplus/(deficit) (4)	**(8,379)**	**(23,041)**	**(43,885)**	**(6,637)**	**-**	**(81,942)**
V. Percentage of current estimate of surplus/(deficit) over current estimate of cumulative claims incurred (5) = (4)/(1)*100%	**(3%)**	**(7%)**	**(9%)**	**(1%)**	**0%**	**(4%)**

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.2 Financial risk

The Corporation's financial liabilities comprise trade and other payables. The Corporation has trade receivables, other receivables, cash and short-term deposits and other financial investments. The Corporation does not hold or issue derivative financial instruments.

The Corporation is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Corporation. The Corporation has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Corporation's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below.

35.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk.

The sensitivity analyses in the following sections relate to the Corporation's financial position as at 31 December 2018 and 31 December 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that:

- the sensitivity of the balance sheet relates to available-for-sale debt instrument;
- the sensitivity of the relevant consolidated income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2018 and 31 December 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to market risk for changes in interest rate relates primarily to the Corporation's term deposits and bonds.

The Corporation manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits.

An interest rate risk sensitivity analysis is not performed as the Corporation's exposure to interest-rate risk is minimal at reporting date.

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.2 Financial risk (continued)

35.2.1 Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between VND and other currencies in which the Corporation conducts business may affect its financial condition and results of operations. The foreign currency risk that the Corporation is facing mainly comes from movements in the USD/VND exchange rates. The Corporation seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

As the majority of the Corporation's financial assets are denominated in VND, the foreign currency risk is mitigated. Most of other assets denominated in foreign currency are in USD.

The table below indicates the effect of a reasonably possible movement of the foreign currency exchange rate against the VND, with all other variables held constant, on the separate income statement and statement of financial position of the Corporation:

Change in variance	*Impact on profit before tax VND*	*Impact on equity VND*
31 December 2018		
+5%	3,236,653,305	2,589,322,644
-5%	(3,236,653,305)	(2,589,322,644)
31 December 2017		
+5%	3,345,386,857	2,676,309,486
-5%	(3,345,386,857)	(2,676,309,486)

Equity price risk

The Corporation's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Corporation manages equity price risk by placing a limit on equity investments and prediction analysis of market. The Corporation's Board of Management reviews and approves significant equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was VND 156,946,553,045 (31 December 2017: VND 262,726,627,100). A decrease of 10% on the stock market index would decrease Corporation's profit before tax by VND 510,600,000 (31 December 2017: decrease by VND 7,059,566,850), depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Corporation's profit before tax by VND 510,600,000 (31 December 2017: increase by VND 5,838,991,850).

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.2 Financial risk (continued)

35.2.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables from original insurance and reinsurance activities) and from its financing activities, including deposits at banks and other financial instruments.

Trade receivables

The trade receivables, which subject to credit risk, include trade receivables from insurance and reinsurance activities, and other receivables subject to credit risk. Customer credit risk is managed by the Corporation based on its established policy, procedures and control relating to customer credit risk management.

The most significant of reinsurance receivables are reinsurance recoveries. To mitigate the risk of the counterparties not paying the due amount, the Corporation has established certain business and financial guidelines for accepting business with each reinsurer, using ratings by major agencies and considering currently available market information. The Corporation also periodically reviews the financial stability of reinsurers using public information and other sources and the settlement trend of amounts due from reinsurers.

Bank deposits and other financial instruments

The Corporation's bank balances are mainly maintained with well-known banks in Vietnam. The Corporation evaluates the concentration of credit risk in respect of bank deposit at low level.

The Corporation's financial assets are neither past due nor impaired except for the following receivables which are past due and impaired as at 31 December 2018.

Currency: VND million

	Past due but not impaired		*Past due and impaired*		*Provision for impairment*
	< 90 days	*91-180 days*	*181-360 days*	*> 360 days*	
As at 31 December 2018					
Receivables from insurance activities	2,638	2,267	23,585	36,178	35,068
Receivables from financial activities	-	-	-	3,000	3,000
Total	**2,638**	**2,267**	**23,585**	**39,178**	**38,068**
As at 31 December 2017					
Receivables from insurance activities	2,147	449	30	13,449	13,441
Receivables from financial activities	-	-	-	3,000	3,000
Total	**2,147**	**449**	**30**	**16,449**	**16,441**

Provisions for impairment of the receivables were made under the Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009.

35 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.2 Financial risk (continued)

35.2.3 Liquidity risk

The Corporation has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts. Therefore, there is a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Corporation manages this risk by monitoring and setting an appropriate level of operating funds to settle these liabilities.

Contractual maturity

The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments as at 31 December 2018 and 31 December 2017:

	On demand VND	*Less than 1 year VND*	*From 1 to 5 years VND*	*Total VND*
31 December 2018				
Insurance payables	58,167,194,664	-	-	58,167,194,664
Reinsurance payables	-	372,911,623,537	-	372,911,623,537
Accrued expenses	-	19,888,603,386	-	19,888,603,386
Claim reserve (*)	843,616,989,084	-	-	843,616,989,084
Other payables	253,277,385,745	-	-	253,277,385,745
	1,155,061,569,493	**392,800,226,923**	**-**	**1,547,861,796,416**

(*) Excluding gross unearned premium reserve and catastrophe reserve

	On demand VND	*Less than 1 year VND*	*From 1 to 5 years VND*	*Total VND*
31 December 2017				
Insurance payables	77,895,752,678	-	-	77,895,752,678
Reinsurance payables	-	214,759,338,858	-	214,759,338,858
Accrued expenses	-	36,173,564,436	-	36,173,564,436
Claim reserve	832,338,681,946	-	-	832,338,681,946
Other payables	147,053,299,241	-	-	147,053,299,241
	1,057,287,733,865	**250,932,903,294**	**-**	**1,308,220,637,159**

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 01 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

Due to Circular 210 only requires the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relevant definitions are applicable to prepare this note only. The assets, liabilities and equities of the Corporation still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System applicable to insurance companies and comply with the relevant statutory requirements.

Financial assets

Financial assets within the scope of Circular 210 include cash and bank deposits, trade and other receivables, listed and unlisted financial instruments.

According to Circular 210, for the purpose of disclosure in the Separate Financial Statements, financial assets are classified as appropriate into one of the following categories:

- ***Financial asset recognized at fair value through profit or loss statements that satisfies either of the following conditions:***

  a) Financial asset that satisfies either of the following conditions:

     A financial asset will be classified as securities held for trading if:

     (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;

     (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or

     (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).

  b) Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through Profit and loss statement.

- ***Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:***

  a) Financial assets that, upon initial recognition, were categorized as such recognized at fair value through profit or loss statements;

  b) Financial assets already categorized as available for sale;

  c) Financial assets that meet the definitions of loans and receivables.

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

- ***Loans and receivables are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:***
  a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair, value through profit or loss statements;
  b) The amounts categorized by the entity as available for sale upon initial recognition; or;
  c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.
- ***Available-for-sale assets are non-derivative financial assets determined as available for sale or not classified as:***
  a) Loans and receivables;
  b) Held-to-maturity investments;
  c) Financial assets recognized at fair value through profit or loss statements.

Financial liabilities

Financial liabilities within the scope of Circular 210 include trade and other payables, loans and borrowings.

According to Circular 210, for the purpose of disclosure in the Separate Financial Statements, financial liabilities are classified as appropriate into one of the following categories:

- *Financial liability recognized at fair value through profit or loss statements that satisfies either of the following conditions:*
  a) Being classified as held for trading, a financial liability will be classified as securities held for trading if:
     (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
     (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,
     (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
  b) Upon initial recognition, the entity categorizes the financial liability as such reflected at fair value through Profit and loss statement
- *Financial liabilities measured at amortised cost,* include financial liabilities that were not categorized as financial liabilities at fair value through profit or loss statements.

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial liabilities (continued)

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption are used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of listed shares is determined based on the price on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) on 31 December 2018.
- Fair value of unlisted shares which have been registered in the unlisted public companies market (UPCom) is the average price of the trading market on 31 December 2018.
- Fair value of unlisted shares which have not been registered in the unlisted public companies market (OTC) is the average of public price quotations of at least three (03) reputable and large security companies in the market.
- Where the active market information was not available to determine fair value of financial assets, financial liabilities at the reporting date, impairment information was consider or their carrying amounts were used.

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2018:

	Carrying amount				*Fair value*
31 December 2018	*Cost* VND	*Accrued interest* VND	*Provision* VND	*Total* VND	VND
Financial assets					
Available for sale	184,293,678,344	-	(51,376,688,068)	132,916,990,276	182,138,351,977
Listed shares	*108,386,308,344*	-	*(661,117,000)*	*107,725,191,344*	*156,946,553,045*
Unlisted shares	*25,907,370,000*	-	*(25,907,370,000)*	-	-
BIDV Metlife	*50,000,000,000*	-	*(24,808,201,068)*	*25,191,798,932*	*25,191,798,932*
Loan and receivables	3,487,955,051,699	124,469,928,027	(38,068,086,483)	3,574,356,893,243	3,574,356,893,243
Bonds	*480,879,030,419*	*10,835,800,283*	*(3,000,000,000)*	*488,714,830,702*	*488,714,830,702*
Term deposits	*2,604,500,000,000*	*113,501,853,771*	-	*2,718,001,853,771*	*2,718,001,853,771*
Insurance receivables	*382,372,778,104*	-	*(30,939,091,775)*	*351,433,686,329*	*351,433,686,329*
Other receivables	*12,203,243,176*	-	*(4,128,994,708)*	*8,074,248,468*	*8,074,248,468*
Statutory deposit	*8,000,000,000*	*132,273,973*	-	*8,132,273,973*	*8,132,273,973*
Cash and cash equivalents	58,406,605,294	-	-	58,406,605,294	58,406,605,294
Total	**3,730,655,335,337**	**124,469,928,027**	**(89,444,774,551)**	**3,765,680,488,813**	**3,814,901,850,514**
Financial liabilities					
Trade payables	431,442,197,474	-	-	431,442,197,474	431,442,197,474
Accrued expenses	67,501,285,546	-	-	67,501,285,546	67,501,285,546
Other payables	21,274,197,160	-	-	21,274,197,160	21,274,197,160
Total	**520,217,680,180**	**-**	**-**	**520,217,680,180**	**520,217,680,180**

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2017:

	Carrying amount				*Fair value*
31 December 2017	*Cost VND*	*Accrued interest VND*	*Provision VND*	*Total VND*	*VND*
Financial assets					
Available for sale	269,677,863,743	-	(54,919,180,912)	214,758,682,831	299,505,916,544
Listed shares	*192,122,350,743*	-	*(14,142,957,356)*	*177,979,393,387*	*262,726,627,100*
Unlisted shares	*27,555,513,000*	-	*(21,515,331,001)*	*6,040,181,999*	*6,040,181,999*
BIDV Metlife	*50,000,000,000*	-	*(19,260,892,555)*	*30,739,107,445*	*30,739,107,445*
Loan and receivables	3,107,946,279,862	105,239,227,937	(16,441,499,301)	3,196,744,008,498	3,196,744,008,498
Bonds	*430,275,755,000*	*14,859,589,042*	*(3,000,000,000)*	*442,135,344,042*	*442,135,344,042*
Term deposits	*2,297,780,846,470*	*90,252,038,895*	-	*2,388,032,885,365*	*2,388,032,885,365*
Insurance receivables	*332,564,057,909*	-	*(9,312,504,593)*	*323,251,553,316*	*323,251,553,316*
Other receivables	*39,325,620,483*	-	*(4,128,994,708)*	*35,196,625,775*	*35,196,625,775*
Statutory deposit	*8,000,000,000*	*127,600,000*	-	*8,127,600,000*	*8,127,600,000*
Cash and cash equivalents	37,485,664,636	-	-	37,485,664,636	37,485,664,636
Total	**3,415,109,808,241**	**105,239,227,937**	**(71,360,680,213)**	**3,448,988,355,965**	**3,533,735,589,678**
Financial liabilities					
Trade payables	293,018,572,533	-	-	293,018,572,533	293,018,572,533
Accrued expenses	36,173,564,436	-	-	36,173,564,436	36,173,564,436
Other payables	45,580,131,684	-	-	45,580,131,684	45,580,131,684
Total	**374,772,268,653**	**-**	**-**	**374,772,268,653**	**374,772,268,653**

37. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the separate balance sheet date that requires adjustments or disclosures to be made in the separate financial statements of the Corporation.

38. APPROVAL FOR ISSUANCE

The separate financial statements as at and for the year ended 31 December 2018 were authorised for issuance by the General Director on 28 February 2019.

Ms. Kieu Thi Hong Nhung	Ms. Nguyen Thanh Mai	Mr. Tran Hoai An
Accountant	Deputy Director in - charge	General Director
Finance - Accounting Division	Finance - Accounting Division	

Hanoi, Vietnam

28 February 2019