BIDV Insurance Joint Stock Corporation

Separate Financial Statements

31 December 2017



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BIDV Insurance Joint Stock Corporation

GENERAL INFORMATION

CORPORATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 1 October 2010 under Business Licence No.11/GPDC7/KDBH dated 1 October 2010 issued by the Ministry of Finance.

The Corporation was transformed from equitization 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 5 August 2010, the Corporation successfully completed the Initial Public Offering. Accordingly, the percentage of share held by Bank for Investment and Development of Vietnam (BIDV) and other shareholders was respectively 82.3% and 17.7%. Under Employee Share Option Program (ESOP), the Corporation issued shares to its employees on 5 May 2014, the percentage of share held by BIDV and other shareholders was respectively 78.38% and 21.62%. 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/GPDDC14/KDBH dated 25 December 2015 issued by the Ministry of Finance. Accordingly, the percentage of share 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:	898 persons at 31 December 2017
Charter Capital:	VND 1,172,768,950,000 at 31 December 2017

The Corporation has a 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, investing activities and other business activities that are in line with prevailing laws and regulations in Lao PDR	65%

BOARD OF DIRECTORS

Members of the Corporation's Board of Directors during the year and at the date of the financial statement are:

Name	Position	Date of appointment/ reappointment
Mr. Tran Luc Lang	Chairman	Appointed on 15 July 2016
Mr. Ramaswamy Athappan	Vice Chairman	Appointed on 29 January 2016
Mr. Gobinath Arvind Athappan	Member	Appointed on 29 January 2016
Mr. Tran Hoai An	Member	Appointed on 20 April 2015
Mrs. Pham Thi Van Khanh	Member	Appointed on 29 January 2016
Mrs. 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 the financial statement are:

Name	Position	Date of appointment/ reappointment
Mr. Cao Cu Tri	Head of Board	Reappointed on 20 April 2015
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 the financial statement are:

Name	Position	Date of appointment/ reappointment
Mr. Tran Hoai An	General Director	Reappointed on 1 November 2017
Mr. Tran Trung Tinh	Deputy General Director	Appointed on 1 October 2010
Mr. Vu Minh Hai	Deputy General Director	Reappointed on 16 April 2017
Ms. Doan Thi Thu Huyen	Deputy General Director	Appointed on 1 May 2012
Mr. Pham Duc Hau	Deputy General Director	Appointed on 1 March 2015
Mr. Huynh Quoc Viet	Deputy General Director	Appointed on 1 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 auditor of the Corporation is Ernst & Young Vietnam Limited.

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 2017.

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

Management is responsible for the separate financial statements of each financial period 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 period. In preparing those separate financial statements, the 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 in 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 for the year ended 31 December 2017.

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 2017 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 2017 (the consolidated financial statements) dated on 9 February 2018.

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

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

9 February 2018

Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
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Reference: 60755012/19436303

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 9 February 2018 and set out on pages 6 to 70, which comprise the separate balance sheet as at 31 December 2017, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management 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 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 2017 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 the separate financial statements.

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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 2017 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 9 February 2018 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited

M.S.C.N: 0300811802-001-C.T.T.N.H.H. CÔNG TY TNHH ERNST & YOUNG VIỆT NAM CHI NHÁNH HÀ NỘI

Saman Bandara
Partner
Audit Practicing Registration
Certificate No.: 2036-2018-004-1

Luong Thi Phuong Dung
Auditor
Audit Practicing Registration
Certificate No.: 3054-2014-004-1

Hanoi, Vietnam

9 February 2018

SEPARATE BALANCE SHEET
as at 31 December 2017

Code	ITEMS	Notes	Ending Balance VND	Beginning Balance VND
100	**A. CURRENT ASSETS**		**3,936,027,494,706**	**3,480,914,632,864**
110	***I. Cash and cash equivalents***	***4***	***37,485,664,636***	***152,977,915,505***
111	1. Cash		37,485,664,636	42,977,915,505
112	2. Cash equivalents		-	110,000,000,000
120	***II. Short-term investments***		***2,453,184,137,857***	***2,224,851,405,738***
121	1. Trading securities	5.1	193,770,493,743	157,522,315,967
122	2. Provision for trading securities	5.1	(14,142,957,356)	(11,708,988,585)
123	3. Held-to-maturity investments	5.2	2,273,556,601,470	2,079,038,078,356
130	***III. Short-term receivables***	***6***	***460,482,188,966***	***393,262,478,897***
131	1. Short-term trade receivables		332,583,511,896	314,121,199,102
131.1	*1.1 Insurance receivables*		*332,564,057,909*	*314,121,199,102*
131.2	*1.2 Other trade receivables*		*19,453,987*	-
132	2. Short-term advances to suppliers		2,415,675,531	645,641,070
136	3. Other receivables		141,924,500,840	97,194,057,796
137	4. Allowance for doubtful debts		(16,441,499,301)	(18,698,419,071)
140	***IV. Inventories***		***155,168,992***	***146,828,992***
141	1. Inventories		155,168,992	146,828,992
150	***V. Other short-term assets***		***91,552,675,848***	***77,471,676,659***
151	1. Prepaid expenses		91,552,675,848	76,660,301,632
151.1	*1.1 Unallocated commission expense*	*7*	*90,001,335,617*	*75,760,525,457*
151.2	*1.2 Other prepaid expenses*		*1,551,340,231*	*899,776,175*
152	2. Deductible VAT		-	811,375,027
190	***VI. Reinsurance assets***	***17.1***	***893,167,658,407***	***632,204,327,073***
191	1. Reinsurance assets from unearned premium reserve		274,705,055,287	297,483,038,386
192	2. Reinsurance assets from claim reserve		618,462,603,120	334,721,288,687

SEPARATE BALANCE SHEET (continued)
as at 31 December 2017

Code	*ITEMS*	*Notes*	*Ending Balance VND*	*Beginning Balance VND*
200	**B. NON-CURRENT ASSETS**		**565,447,147,184**	**520,100,646,732**
210	***I. Long-term receivables***		***10,620,893,593***	***8,251,283,593***
216	1. Other long-term receivables		10,620,893,593	8,251,283,593
216.1	*1.1. Statutory deposit*	*8*	*8,000,000,000*	*6,000,000,000*
216.2	*1.2. Other long-term receivables*		*2,620,893,593*	*2,251,283,593*
220	***II. Fixed assets***		***27,846,835,536***	***33,685,492,067***
221	1. Tangible fixed assets	9	21,257,551,689	27,082,459,150
222	*- Costs*		*60,441,678,539*	*59,762,236,796*
223	*- Accumulated depreciation*		*(39,184,126,850)*	*(32,679,777,646)*
227	2. Intangible assets	10	6,589,283,847	6,603,032,917
228	*- Costs*		*6,845,849,125*	*6,785,949,125*
229	*- Accumulated amortisation*		*(256,565,278)*	*(182,916,208)*
250	***III. Long-term investments***		***524,291,166,444***	***477,822,565,553***
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	125,907,370,000
254	3. Provision for impairment of long-term investments	5.3	(40,776,223,556)	(33,777,058,203)
255	4. Held-to-maturity investments	5.2	454,500,000,000	351,032,233,756
260	***IV. Other long-term assets***		***2,688,251,611***	***341,305,519***
261	1. Long-term prepaid expenses	11	140,755,059	341,305,519
262	2. Deferred tax assets	30.2	2,547,496,552	-
270	**TOTAL ASSETS (270=100+200)**		**4,501,474,641,890**	**4,001,015,279,596**

SEPARATE BALANCE SHEET (continued)
as at 31 December 2017

Code	ITEMS	Notes	Ending Balance VND	Beginning Balance VND
300	**A. LIABILITIES**		**2,456,913,634,001**	**2,029,162,530,395**
310	***I. Current liabilities***		***2,454,892,810,767***	***2,021,106,830,850***
311	1. Trade payables	12	293,018,572,533	308,411,483,944
311.1	*1.1. Insurance payables*		*292,688,867,162*	*306,906,480,159*
311.2	*1.2. Other payables*		329,705,371	*1,505,003,785*
312	2. Short-term advance from customers		1,715,633,269	4,960,299,536
313	3. Tax and other statutory obligations	13	30,081,365,354	16,182,302,045
314	4. Payables to employees		58,180,891,694	41,152,368,651
315	5. Short-term accrued expenses	14	36,173,564,436	12,888,591,439
318.1	6. Short-term deferred revenue		6,277,177,934	4,328,137,221
318.2	7. Un-earned commission revenue	15	68,584,002,459	75,625,954,806
319	8. Other short-term payables	16	40,486,965,141	42,696,546,895
321	9. Provision for short-term payable		3,072,343,309	2,800,832,256
322	10. Bonus and welfare funds		11,165,571,869	9,934,320,737
329	11. Technical reserves		1,906,136,722,769	1,502,125,993,320
329.1	*11.1. Gross un-earned premium reserve*	*17.1*	*978,302,133,675*	*915,247,142,029*
329.2	*11.2. Gross claim reserve*	*17.1*	*832,338,681,946*	*503,878,630,777*
329.3	*11.3. Catastrophe reserve*	*17.2*	*95,495,907,148*	*83,000,220,514*
330	***II. Non-current liabilities***		***2,020,823,234***	***8,055,699,545***
337	1. Other long-term liabilities	16	2,020,823,234	5,197,076,277
341	2. Deferred tax liabilities	30.2	-	2,858,623,268

SEPARATE BALANCE SHEET (continued)
as at 31 December 2017

Code	ITEMS	Notes	Ending Balance VND	Beginning Balance VND
400	**B. OWNERS' EQUITY**		**2,044,561,007,889**	**1,971,852,749,201**
410	***I. Owners' equity***	***18***	***2,044,561,007,889***	**1,971,852,749,201**
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*
411b	*1.2. Preference shares*		-	-
412	2. Share premium		655,565,033,362	655,565,033,362
417	3. Investment and development fund		6,457,956,038	6,457,956,038
419	4. Statutory reserve		36,714,320,247	27,976,733,665
421	5. Undistributed earnings		173,054,748,242	109,084,076,136
421a	*5.1. Accumulated undistributed earnings of previous years*		*6,992,767,290*	*1,471,983,795*
421b	*5.2. Undistributed earnings of current year*		*166,061,980,952*	*107,612,092,341*
440	**TOTAL LIABILITIES AND OWNERS' EQUITY (440=300+400)**		**4,501,474,641,890**	**4,001,015,279,596**

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

9 February 2018

SEPARATE INCOME STATEMENT

PART 1: SEPARATE COMPREHENSIVE INCOME STATEMENT
for the year ended 31 December 2017

Code	*ITEMS*	*Current Year VND*	*Previous Year VND*
10	1. Total operating income	1,316,063,629,612	1,142,170,266,394
12	2. Finance income	247,913,340,613	186,647,137,005
13	3. Other income	470,235,061	1,661,415,490
20	4. Total direct operating expenses	(1,035,544,810,864)	(899,406,604,547)
22	5. Finance expense	(17,707,099,911)	(32,275,888,941)
23	6. General and administrative expenses	(297,899,433,470)	(260,575,795,586)
24	7. Other expenses	(116,990,707)	(434,440,070)
50	**8. Profit before corporate income tax (50=10+12+13+20+22+23+24)**	**213,168,770,334**	**137,786,089,745**
51	9. Current corporate income tax expense	(43,772,804,966)	(27,123,681,024)
52	10. Deferred corporate income tax income	5,406,119,820	2,616,128,116
60	**11. Net profit for this period after corporate income tax (60=50+51+52)**	**174,802,085,188**	**113,278,536,837**

SEPARATE INCOME STATEMENT (continued)

PART 2: SEPARATE OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2017

Code	*ITEMS*	*Notes*	*Current Year VND*	*Previous Year VND*
01	**1. Insurance revenue (01 = 01.1 + 01.2 + 01.3)**	**19**	**1,719,214,861,320**	**1,516,118,595,064**
	In which:			
01.1	- Direct written premiums		1,594,284,224,175	1,470,410,266,887
01.2	- Reinsurance premium assumed		187,985,628,791	195,075,750,800
01.3	- Increase in un-earned premium reserve		(63,054,991,646)	(155,367,422,623)
02	**2. Reinsurance premium ceded (02 = 02.1 + 02.2)**	**20**	**(555,479,172,648)**	**(534,451,888,945)**
	In which:			
02.1	- Reinsurance premium ceded		(532,701,189,549)	(554,274,938,932)
02.2	- Increase/(decrease) in ceded premium reserve		(22,777,983,099)	19,823,049,987
03	**3. Net insurance premiums (03 = 01 + 02)**		**1,163,735,688,672**	**981,666,706,119**
04	**4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2)**		**152,317,840,940**	**160,503,560,275**
	In which:			
04.1	- Commission on reinsurance ceded	21	126,003,913,298	128,019,519,917
04.2	- Other income from insurance activities	22	26,313,927,642	32,484,040,358
10	**5. Total net revenue from insurance business (10 = 03 + 04)**		**1,316,053,529,612**	**1,142,170,266,394**
11	**6. Claim expenses (11 = 11.1 + 11.2)**		**(748,277,532,644)**	**(575,025,062,895)**
	In which:			
11.1	- Claim expenses		(763,193,926,098)	(593,322,363,057)
11.2	- Claim expense reductions		14,916,393,454	18,297,300,162
12	**7. Recoveries from reinsurance ceded**		**260,813,611,175**	**144,113,074,682**
13	**8. Increase in Direct and assumed claim reserve**		**(328,460,051,169)**	**(34,929,922,126)**
14	**9. Increase in ceded claim reserve**		**283,741,314,433**	**10,933,223,773**
15	**10. Net claim expenses (15 = 11 + 12 + 13 + 14)**	**23**	**(532,182,658,205)**	**(454,908,686,566)**
16	**11. Increase in catastrophe reserve**	**17.2**	**(12,495,686,634)**	**(11,172,052,668)**

SEPARATE INCOME STATEMENT (continued)

PART 2: SEPARATE OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2017 (continued)

Code	*ITEMS*	*Notes*	*Current Year VND*	*Previous Year VND*
17	**12. Other operating expenses (17 = 17.1 + 17.2)**	**24**	**(490,866,466,025)**	**(433,325,865,313)**
	In which:			
17.1	- Commission expense		(143,274,271,179)	(120,088,782,840)
17.2	- Other underwriting expenses		(347,592,194,846)	(313,237,082,473)
18	**13. Total direct operating expenses (18 = 15 + 16 + 17)**		**1,035,544,810,864)**	**(899,406,604,547)**
19	**14. Gross insurance operating profit (19 = 10 + 18)**		**280,508,718,748**	**242,763,661,847**
23	15. Finance income	25	247,913,340,613	186,647,137,005
24	16. Finance expense	26	(17,707,099,911)	(32,275,888,941)
25	**17. Profit from financial activities (25 = 23 + 24)**		**230,206,240,702**	**154,371,248,064**
26	**18. General and administrative expenses**	**27**	**(297,899,433,470)**	**(260,575,795,586)**
30	**19. Net operating income (30 = 19 + 25 + 26)**		**212,815,525,980**	**136,559,114,325**
31	20. Other income	28	470,235,061	1,661,415,490
32	21. Other expenses	29	(116,990,707)	(434,440,070)
40	**22. Net other profit (40 = 31 + 32)**		**353,244,354**	**1,226,975,420**
50	**23. Profit before corporate income tax (50 = 30 + 40)**		**213,168,770,334**	**137,786,089,745**
51	24. Current corporate income tax expense	30.1	(43,772,804,966)	(27,123,681,024)
52	25. Deferred corporate income tax income	30.2	5,406,119,820	2,616,128,116
60	**26. Net profit for the year after corporate income tax (60 = 50 + 51 + 52)**		**174,802,085,188**	**113,278,536,837**

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

9 February 2018

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2017

Code	ITEMS	Notes	Current Year VND	Previous Year VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net profit before tax**		**213,168,770,334**	**137,786,089,745**
	Adjustments for:			
02	Depreciation and amortisation		6,621,353,337	5,650,260,630
03	Insurance reserves and provision for diminution in investment value		158,278,384,664	198,704,555,009
04	Profit from revaluation of foreign currencies		(265,103,413)	(2,234,647,774)
05	Profits from investing activities		(238,544,631,346)	(177,139,488,861)
06	Interest expense		5,221,540	6,396,035
08	**Operating cash flow before changes in working capital**		**139,263,995,116**	**162,773,164,784**
09	Increase in receivables		(23,429,461,749)	(24,390,579,946)
10	Increase in inventories		(8,340,000)	-
11	Increase in payables		21,791,333,444	58,580,649,689
12	Decrease/(increase) in prepaid expense		(18,797,555,281)	1,026,207,566
13	Increase in trading securities		(36,248,177,776)	(81,092,656,109)
14	Interest expense paid		(5,221,540)	(6,396,035)
15	Corporate income tax paid	13	(28,686,075,673)	(27,150,531,758)
16	Other cash inflows from operating activities		1,949,040,713	4,815,058,483
17	Other cash outflows from operating activities		(44,730,443,044)	(13,867,283,263)
20	**Net cash flow from operating activities**		**11,099,094,210**	**80,687,633,411**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets and other long-term assets		(532,696,806)	(10,070,999,982)
22	Disposal of fixed assets and other long-term assets		25,089,055	333,135,585
23	Payments for investments in other entities		(2,664,555,011,603)	(1,711,849,178,200)
24	Proceeds from disposal or maturity of debt investment		2,416,568,722,245	1,485,444,444,444
26	Proceeds from disposal of equity investment		-	39,135,000
27	Interest received		204,282,424,118	143,842,387,246
30	**Net cash flow used in investing activities**		**(44,211,472,991)**	**(92,261,075,907)**

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2017

Code	ITEMS	Notes	Current Year VND	Previous Year VND
	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		(83,269,124,914)	(70,342,430,000)
40	**Net cash flow used in financing activities**		**(83,269,124,914)**	**(70,342,430,000)**
50	**Net decrease in cash and cash equivalent (50 = 20 + 30 + 40)**		**(116,381,503,695)**	**(81,915,872,496)**
60	**Cash and cash equivalents at beginning of the year**		**152,977,915,505**	**234,893,788,001**
61	Impact of exchange rate fluctuation		889,252,826	-
70	**Cash and cash equivalents at end of the year (70 = 50 + 60 + 61)**	**4**	**37,485,664,636**	**152,977,915,505**

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

9 February 2018

1. CORPORATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 1 October 2010 under Business Licence No.11/GPDC7/KDBH dated 1 October 2010 issued by the Ministry of Finance.

The Corporation was transformed from equitization 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 5 August 2010, the Corporation successfully completed the Initial Public Offering. Accordingly, the percentage of share held by Bank for Investment and Development of Vietnam (BIDV) and other shareholders was respectively 82.3% and 17.7%. Under Employee Share Option Program (ESOP), the Corporation issued shares to its employees on 5 May 2014, the percentage of share held by BIDV and other shareholders was respectively 78.38% and 21.62%. 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/GPDDC14/KDBH dated 25 December 2015 issued by the Ministry of Finance. Accordingly, the percentage of share 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:	898 persons at 31 December 2017
Charter Capital:	VND 1,172,768,950,000 at 31 December 2017

The Corporation has a 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, investing 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 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 2017 dated on 9 February 2018.

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 standard and system*

The Corporation's separate financial statements 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 with 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 1 January and ends on 31 December.

2.5 *Accounting currency*

The Corporation maintains its accounting records in VND which is also its' reporting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies*

The accounting policies that the Corporation applied in preparing separate financial statement are in consistent with the accounting policies applied for the preparation of the financial statements for the previous year.

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 ("Circular No. 228"). 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 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible 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.

When tangible 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 Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible 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.

When intangible 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.

3.6 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

3.7 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 Trading securities

Trading securities held for trading purpose including securities with maturity more than 12 months are bought and sold to gain profit as follows:

- Shares, bonds listed on securities market;
- Securities and other financial instruments.

Trading securities are stated at their acquisition cost.

Periodically, trading securities are subject to review for impairment. Any impairment losses are recognized in the Corporation's separate income statement.

3.8.2 Held to maturity investments

Held to maturity investments include: term deposits (including treasury bills, promissory notes), bonds, preference shares which the issuer is required to repurchase in a certain time in the future, and the loan which are held for earning periodic interest income.

3.8.3 Investment in subsidiaries

Investments in subsidiaries over which the Corporation has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

3.8.4 Other long-term investments

Other long term investments represent the Corporation's capital investments in other enterprises where the Corporation either owns less than 20% of voting rights and is the founding shareholder; or strategic partner; or impacts on establishment and making financial and operating policies of the investees under agreements to delegate its representative in the Board of Directors/ Board of Management.

The investments are initially recognized at cost and subsequently are recognized at cost during the holding period.

Other long-term investments are subject to a periodic review for impairment. Any impairment losses are recognized in financial expense in the Corporation's separate income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Investments (continued)

3.8.5 Provision for diminution in value of investments

Provision for impairment of investments is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 which provides the amendments and supplements to Circular No. 228 issued by the Ministry of Finance ("MOF"). Details of the basis of determination of impairment of investment 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 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)

3.8.5 Provision for diminution in value of investments (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.

3.9 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 1 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.

3.10.2 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 1 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves

The technical reserves include (a) technical reserves for non-life insurance and (b) technical reserve of health insurance. The reserving methodologies are based on Circular No 50/2017/TT-BTC dated 01 July 2017 issued by the Ministry of Finance as follows:

a) Technical reserves for non-life insurance

(i) Unearned premium reserve

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

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

(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 after deducting the amount recoverable from reinsurers; 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.

(iii) Catastrophe reserve

Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums according to Circular No. 50/2017/TT-BTC dated 01 July 2017 issued by the Ministry of Finance.

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 1 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 at 1% of total retained premiums for the year 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves (continued)

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:

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

(ii) Unearned premiums reserve

Regarding insurance policies with a term of less than or equal to 1 year. Unearned premiums reserve is set aside as follows:

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

(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 after deducting the amount recoverable from reinsurers; 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Transactions in foreign currencies

Transactions in currencies other than the Corporation's reporting currency of 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 currency at year-end are taken to the separate income statement.

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 1 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in accordance with Circular No. 50/2017/TT-BTC issued by the Ministry of Finance on 01 July 2017 ("Circular No. 50") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches.

Specifically, gross written premium is 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. 194, 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 is recorded as "Short-term unearned revenue" in the separate balance sheet.

Premium return and premium reduction 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.

(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 as income of the Corporation and the respective increase in number of shares are only updated off balance sheet in accordance with Circular No. 200/2014/TT-BTC.

(iv) Other income

The occasional revenues other than the revenues related to insurance activities, interest, dividends such as income from the liquidation or sale of fixed assets, fines from customers for contract breaches, and the bad debts which were written off in previous years and collected during the year...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 No. 50/2017/TT-BTC dated 01 July 2017 issued by the Ministry of Finance. Commission expense is allocated and recognized in the separate income statement for direct premiums earned during the period.

(iii) *Agent support expense*

Agent support expense is recorded for corresponding insurance contracts underwritten in the financial year and does not exceed 50% of commission rate per insurance business line.

(iv) General administrative expenses

General and administrative expenses are recognized on an accrual basis.

(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 incurred as a result of events or transactions which are separate from ordinary activities of the enterprise, include: costs of liquidation, sale of fixed assets and uncollectable receivables, fines payables for violating economic contracts, penalties...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accounting period, the part of reinsurance commission which is not included in income and expense of period corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent periods based on 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 recognized based on the historical experience and the Corporation's own estimate taking into account.

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 accounting period, the part of reinsurance commission which is not included in expense of period corresponding to unearned premium of reinsurance assumed shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 period 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred tax (continued)

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.

3.18 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.

4. CASH AND CASH EQUIVALENTS

	Ending balance VND	*Beginning balance VND*
Cash on hand	377,890,841	876,985,087
Cash at banks	37,107,773,795	42,083,292,474
Cash in transit	-	17,637,944
Cash equivalents	-	110,000,000,000
Total	**37,485,664,636**	**152,977,915,505**

5. INVESTMENTS

	Notes	*Ending balance VND*	*Beginning balance VND*
Trading securities	**5.1**		
Listed shares		192,122,350,743	155,874,172,967
Unlisted shares		1,648,143,000	1,648,143,000
		193,770,493,743	**157,522,315,967**
Provision for trading securities		**(14,142,957,356)**	**(11,708,988,585)**
Held-to-maturity investments	**5.2**		
Short-term		2,273,556,601,470	2,079,038,078,356
- Term deposits		*2,073,280,846,470*	*2,079,038,078,356*
- Bonds		*200,275,755,000*	-
Long-term		454,500,000,000	351,032,233,756
- Term deposits		*224,500,000,000*	*66,000,000,000*
- Bonds		*230,000,000,000*	*285,032,233,756*
		2,728,056,601,470	**2,430,070,312,112**
Other financial investments	**5.3**		
Investment in subsidiary		34,660,020,000	34,660,020,000
Investments in other entities		75,907,370,000	125,907,370,000
Provision for impairment of investments		(40,776,223,556)	(33,777,058,203)
		69,791,166,444	**126,790,331,797**
Net value of investments		**2,977,475,304,301**	**2,702,673,971,291**

5. INVESTMENTS (continued)

5.1 *Trading securities*

	Ending balance				*Beginning balance*			
	Quantity	*Cost*	*Provision*	*Carrying value*	*Quantity*	*Cost*	*Provision*	*Carrying value*
	Shares	*VND*	*VND*	*VND*	*Shares*	*VND*	*VND*	*VND*
Listed shares	**9,458,075**	**192,122,350,743**	**(14,142,957,356)**	**177,979,393,387**	**4,561,280**	**155,874,172,967**	**(11,708,988,585)**	**144,165,184,382**
VNR	1,080,010	13,792,403,293	-	13,792,403,293	1,080,010	13,792,403,293	-	13,792,403,293
FPT	879,750	29,998,160,847	-	29,998,160,847	764,750	29,986,664,179	-	29,986,664,179
TCM	-	-	-	-	275,430	9,920,943,890	(5,927,208,890)	3,993,735,000
VNM	300,360	29,746,032,200	-	29,746,032,200	300,360	29,746,032,200	-	29,746,032,200
VCB	267,610	8,600,748,646	-	8,600,748,646	201,150	5,896,910,587	-	5,896,910,587
VSC	346,566	19,032,817,467	(4,130,479,467)	14,902,338,000	315,060	19,032,817,467	(1,389,457,467)	17,643,360,000
PVS	-	-	-	-	1,096,900	19,998,462,765	(2,173,837,765)	17,824,625,000
DHG	84,330	4,973,889,661	-	4,973,889,661	56,220	4,973,894,123	-	4,973,894,123
NT2	-	-	-	-	312,800	10,049,663,921	(1,510,223,921)	8,539,440,000
SKG	268,170	15,000,058,389	(6,512,477,889)	8,487,580,500	158,600	12,476,380,542	(708,260,542)	11,768,120,000
MBB	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**	**235,449**	**1,648,143,000**	**-**	**1,648,143,000**
HDB	256,639	1,648,143,000	-	1,648,143,000	235,449	1,648,143,000	-	1,648,143,000
	9,714,714	**193,770,493,743**	**(14,142,957,356)**	**179,627,536,387**	**4,796,729**	**157,522,315,967**	**(11,708,988,585)**	**145,813,327,382**

(*) On 12 January 2017, Sai Gon – Ha Noi Joint Stock Commercial Bank (SHB) completed a private placement for 100 million shares at par value of VND 10,000 per share to all shareholders of Vinaconex – Viettel Finance Company (VVF) under a merger agreement with conversion rate of 1:1. Accordingly, 5,000,000 VVF shares previously held by the Corporation were converted to 5,000,000 SHB shares. The provision is made based on the closing price of listed SHB shares on 31 December 2017.

5. INVESTMENTS (continued)

5.2 *Held-to-maturity investments*

	Ending balance		*Beginning balance*	
	Cost	*Carrying value*	*Cost*	*Carrying value*
	VND	*VND*	*VND*	*VND*
Short-term				
Term deposits (i)	2,073,280,846,470	2,073,280,846,470	2,079,038,078,356	2,079,038,078,356
Bonds (iii)	200,275,755,000	200,275,755,000	-	-
	2,273,556,601,470	**2,273,556,601,470**	**2,079,038,078,356**	**2,079,038,078,356**
Long-term				
Term deposits (ii)	224,500,000,000	224,500,000,000	66,000,000,000	66,000,000,000
Bonds (iii)	230,000,000,000	230,000,000,000	285,032,233,756	285,032,233,756
	454,500,000,000	**454,500,000,000**	**351,032,233,756**	**351,032,233,756**
	2,728,056,601,470	**2,728,056,601,470**	**2,430,070,312,112**	**2,430,070,312,112**

(i) Short-term deposits in VND with annual interest rate ranging from 4.5% to 7.4% have original term of more than three (3) months and will mature in one year.

(ii) Long-term deposits in VND with annual interest rate ranging from 6.3% to 7.5% have original term of more than one (1) year.

(iii) Guaranteed corporate bonds and bonds issued by banks which have annual interest rates ranging from 8.2% to 9.2% and terms of 3 to 5 years.

5. INVESTMENTS (continued)

5.3 *Long-term investments*

	Ending balance				*Beginning balance*			
	% owner -ship	*Cost*	*Provision*	*Carrying value*	*% owner-ship*	*Cost*	*Provision*	*Carrying value*
		VND	*VND*	*VND*		*VND*	*VND*	*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	(21,515,331,000)	4,392,039,000	4.21%	25,907,370,000	(16,890,324,139)	9,017,045,861
- BIDV Metlife Life Insurance Company	5%	50,000,000,000	(19,260,892,556)	30,739,107,444	5%	50,000,000,000	(16,886,734,064)	33,113,265,936
- Vinaconex – Viettel Financing Joint Stock Company		-	-	-	5%	50,000,000,000	-	50,000,000,000
		75,907,370,000	**(40,776,223,556)**	**35,131,146,444**		**125,907,370,000**	**(33,777,058,203)**	**92,130,311,797**
		110,567,390,000	**(40,776,223,556)**	**69,791,166,444**		**160,567,390,000**	**(33,777,058,203)**	**126,790,331,797**

6. SHORT-TERM RECEIVABLES

	Ending balance VND	*Beginning balance VND*
Insurance receivables	**332,564,057,909**	**314,121,199,102**
Gross written premium receivables	49,983,093,448	42,869,301,536
Reinsurance assumed receivables	140,109,805,417	125,672,751,079
Reinsurance ceded receivables	135,884,426,152	137,321,988,051
Receivables from co-insurers	6,240,070,014	8,110,137,009
Other receivables from insurance activities	346,662,878	147,021,427
Other trade receivables	**19,453,987**	**-**
Short-term advances to suppliers	**2,415,675,531**	**645,641,070**
Other receivables		
Dividend receivables	28,436,110,469	-
Bank deposit interest receivables	90,379,638,895	74,880,654,176
Bond coupon receivables	14,859,589,042	11,003,589,041
Advances	3,734,008,078	5,522,232,425
Office rental deposit	508,800,000	570,800,000
Short-term mortgages, deposits	507,110,000	666,650,000
Other receivables	3,499,244,356	4,550,132,154
	141,924,500,840	**97,194,057,796**
Total receivables	**476,923,688,267**	**411,960,897,968**
Allowance for doubtful debts	(16,441,499,301)	(18,698,419,071)
Net receivables	**460,482,188,966**	**393,262,478,897**

7. DEFERRED COMMISSION EXPENSES

	Ending balance VND	*Beginning balance VND*
Opening balance	**75,760,525,457**	**54,874,855,847**
Commission paid during the year	157,515,081,339	140,974,452,450
Allocated to expenses during the year	(143,274,271,179)	(120,088,782,840)
Closing balance	**90,001,335,617**	**75,760,525,457**

8. STATUTORY DEPOSIT

The Corporation is required to maintain 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 1 July 2016.

9. TANGIBLE FIXED ASSETS

	Buildings VND	*Machinery VND*	*Motor vehicles VND*	*Office equipment VND*	*Other tangible fixed assets VND*	*Total VND*
Costs:						
Beginning balance	**2,300,000,000**	**4,333,736,073**	**52,542,422,323**	**154,674,273**	**431,404,127**	**59,762,236,796**
Newly purchased	-	437,696,806	250,000,000	-	35,100,000	722,796,806
Liquidation & Disposal	-	(43,355,063)	-	-	-	(43,355,063)
Ending balance	**2,300,000,000**	**4,728,077,816**	**52,792,422,323**	**154,674,273**	**466,504,127**	**60,441,678,539**
Accumulated depreciation:						
Beginning balance	**(444,666,686)**	**(3,010,692,024)**	**(28,857,414,117)**	**(74,845,131)**	**(292,159,688)**	**(32,679,777,646)**
Depreciation for the year	(92,000,004)	(659,387,468)	(5,682,775,158)	(42,940,152)	(70,601,485)	(6,547,704,267)
Liquidation & Disposal	-	43,355,063	-	-	-	43,355,063
Ending balance	**(536,666,690)**	**(3,626,724,429)**	**(34,540,189,275)**	**(117,785,283)**	**(362,761,173)**	**(39,184,126,850)**
Net book value:						
Beginning balance	**1,855,333,314**	**1,323,044,049**	**23,685,008,206**	**79,829,142**	**139,244,439**	**27,082,459,150**
Ending balance	**1,763,333,310**	**1,101,353,387**	**18,252,233,048**	**36,888,990**	**103,742,954**	**21,257,551,689**

10. INTANGIBLE ASSETS

	Computer software VND	*Other intangible assets VND*	*Land use right VND*	*Total VND*
Costs:				
Beginning balance	215,949,125	70,000,000	6,500,000,000	6,785,949,125
Amortization during the year	59,900,000	-	-	59,900,000
Ending balance	275,849,125	70,000,000	6,500,000,000	6,845,849,125
Accumulated amortisation:				
Beginning balance	(146,879,179)	(36,037,029)	-	(182,916,208)
Amortization during the year	(50,315,742)	(23,333,328)	-	(73,649,070)
Ending balance	(197,194,921)	(59,370,357)	-	(256,565,278)
Net book value:				
Beginning balance	69,069,946	33,962,971	6,500,000,000	6,603,032,917
Ending balance	78,654,204	10,629,643	6,500,000,000	6,589,283,847

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	**292,688,867,162**	**306,906,480,159**
Payables for ceded activities	170,613,912,668	239,997,812,832
Payables to co-insurers	4,810,758,095	3,584,415,780
Claim payables	61,126,787,517	27,743,673,947
Commission payables	11,958,207,066	10,535,240,804
XOL payables	44,145,426,190	24,911,296,796
Other insurance payables	33,775,626	134,040,000
Other trade payables	**329,705,371**	**1,505,003,785**
Other payables	329,705,371	1,505,003,785
	293,018,572,533	**308,411,483,944**

13. TAXES AND OTHER STATUTORY OBLIGATIONS

	Beginning balance VND	*Movement during the year*		*Ending balance VND*
		Payables VND	*Paid VND*	
Value added tax	8,130,993,417	74,826,771,422	(75,334,215,834)	7,623,549,005
Corporate income tax	3,819,791,430	43,772,804,966	(28,686,075,673)	18,906,520,723
Other taxes	4,231,517,198	12,254,679,854	(12,934,901,426)	3,551,295,626
Total	**16,182,302,045**	**130,854,256,242**	**(116,955,192,933)**	**30,081,365,354**

14. SHORT-TERM ACCRUED EXPENSES

	Ending balance VND	*Beginning balance VND*
Compulsory civil liability fund	91,770,129	1,194,395,676
Policy holder protection fund	3,482,247,368	3,933,775,723
Compulsory fire and miscellaneous fund	1,785,993,680	1,374,418,357
Fund contribution to enhance management and supervision over insurance market	256,840,905	249,901,866
Other accrued expenses	30,556,712,354	6,136,099,817
Total	**36,173,564,436**	**12,888,591,439**

15. UNEARNED COMMISSION REVENUE

Unearned commission revenue is the deferred commission on reinsurance ceded in accordance with Circular No. 232/2012/TT-BTC issued by Ministry of Finance.

	Ending balance VND	*Beginning balance VND*
Opening balance	**75,625,954,806**	**67,155,147,363**
Increased during the year	118,961,960,951	136,490,327,360
Allocated during the year	(126,003,913,298)	(128,019,519,917)
Closing balance	**68,584,002,459**	**75,625,954,806**

16. OTHER PAYABLES

	Ending balance VND	*Beginning balance VND*
Other short-term payables	**40,486,965,141**	**42,696,546,895**
Salary unrelated payables	423,049,876	511,903,144
Short-term deposits	26,034,159,929	28,785,995,203
Charity funds	539,544,647	500,472,682
Dividend payables	310,429,900	-
Other payables	13,179,780,789	12,898,175,866
Other long-term payables	**2,020,823,234**	**5,197,076,277**
Mortgage, deposit received	2,020,823,234	5,197,076,277
Total	**42,507,788,375**	**47,893,623,172**

17. TECHNICAL RESERVES

17.1. Unearned premium reserve and claim reserve

	Reserve for direct insurance and inward reinsurance VND	*Reserve for outward reinsurance VND*	*Net reserve VND*
Opening balance			
Unearned premium reserve	915,247,142,029	(297,483,038,386)	617,764,103,643
Claim reserve	503,878,630,777	(334,721,288,687)	169,157,342,090
Total	**1,419,125,772,806**	**(632,204,327,073)**	**786,921,445,733**
Closing balance			
Unearned premium reserve	978,302,133,675	(274,705,055,287)	703,597,078,388
Claim reserve	832,338,681,946	(618,462,603,120)	213,876,078,826
Total	**1,810,640,815,621**	**(893,167,658,407)**	**917,473,157,214**

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	194,619,071,406	139,998,301,552
Property and Damages	309,031,781,351	311,272,466,511
Cargo	9,716,936,513	10,618,566,497
Automobile	315,836,653,883	314,890,217,292
Fire	114,434,985,491	92,586,315,744
Liability	7,089,397,759	7,597,541,552
Business Risk	3,223,387,523	1,416,470,904
Aviation	830,303,285	895,575,527
Hull and P&I	20,876,226,745	23,352,379,942
Financial and credit risk	1,230,332,056	11,016,787,116
Agriculture	1,413,057,663	1,602,519,392
Total	**978,302,133,675**	**915,247,142,029**

Ceded unearned premium reserve (Reinsurance assets)

Product	*Ending balance VND*	*Beginning balance VND*
Health and Personal Accident	304,645,163	491,948,903
Property and Damages	184,356,970,220	206,417,508,297
Cargo	5,989,437,428	7,731,185,937
Automobile	6,350,480,397	1,442,075,141
Fire	54,581,759,423	47,267,136,622
Liability	4,071,614,322	4,979,320,911
Business Risk	2,915,262,839	1,267,637,052
Aviation	707,026,635	788,706,430
Hull and P&I	13,665,345,644	16,510,082,794
Financial and credit risk	881,767,655	9,185,035,554
Agriculture	880,745,561	1,402,400,745
Total	**274,705,055,287**	**297,483,038,386**

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	24,172,425,544	5,190,022,044
Property and Damages	400,565,178,536	260,258,832,670
Cargo	22,529,077,925	17,540,444,933
Automobile	60,439,717,314	55,969,081,983
Fire	233,642,666,427	93,640,407,430
Liability	3,932,886,269	2,620,265,247
Business Risk	2,648,918,443	-
Aviation	14,516,700,257	14,544,499,895
Hull and P&I	29,359,434,474	31,948,681,207
Financial and credit risk	40,378,414,495	21,982,726,209
Agriculture	153,262,262	183,669,159
Total	**832,338,681,946**	**503,878,630,777**

Ceded reinsurance claim reserve (Reinsurance assets)

Product	*Ending balance VND*	*Beginning balance VND*
Health and Personal Accident	4,474,816	246,117,305
Property and Damages	354,086,834,408	212,540,334,783
Cargo	15,076,465,922	10,465,805,729
Automobile	999,072,460	65,895,294
Fire	190,979,515,099	72,748,047,595
Liability	2,216,239,468	962,967,188
Business Risk	1,945,481,979	-
Aviation	12,380,601,420	13,465,657,079
Hull and P&I	23,506,769,010	24,216,698,764
Financial and credit risk	17,267,148,538	9,764,950
Total	**618,462,603,120**	**334,721,288,687**

Claim reserve includes:

1. Outstanding claim reserve was calculated based on loss estimate for each individual claim, for which the Corporation was liable, which was either notified to the Corporation or requested for payment but was still unresolved as at 31 December 2017. Such reserves amounted to VND 793,401,315,431 as at 31 December 2017, in which, the amount recoverable from reinsurers relating to these outstanding claims was VND 617,012,296,508.
2. Reserves for claims incurred but not reported as at 31 December 2017, amounted to VND 38,937,366,515. The increase in claim clalms Incurred but not reported of VND 4,852,322,094 was charged to the separate income statement.

17. TECHNICAL RESERVES (continued)

17.2. Catastrophe reserve

	Ending balance VND	*Beginning balance VND*
Opening balance	**83,000,220,514**	**71,828,167,846**
Increased during the year	12,495,686,634	11,172,052,668
Used during the year	-	-
Closing balance	**95,495,907,148**	**83,000,220,514**

18. OWNERS' EQUITY

	Charter capital VND	*Share premium VND*	*Investment and development fund VND*	*Statutory reserve VND*
Balance at 1 January 2016	**1,172,768,950,000**	**655,565,033,362**	**1,800,187,891**	**22,310,289,169**
Profit for the year	-	-	-	-
Other decreases	-	-	4,657,768,147	5,666,444,496
In which:				
- Appropriation to statutory reserves	-	-	-	*5,666,444,496*
- Appropriation to Bonus and Welfare funds	-	-	-	-
- Investment and development fund	-	-	*4,657,768,147*	-
- Dividend payment	-	-	-	-
Balance at 31 December 2016	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**27,976,733,665**
Balance at 1 January 2017	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**27,976,733,665**
Profit for the year	-	-	-	-
Other decrease	-	-	-	8,737,586,582
- Appropriation to statutory reserves	-	-	-	*8,737,586,582*
- Appropriation to Bonus and Welfare funds (*)	-	-	-	-
- Dividend payment (*)	-	-	-	-
Balance at 31 December 2017	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**36,714,320,247**

(*) In accordance with Resolution No. 01/2017/NQ-ĐHĐCĐ dated on 28 March 2017 approved by the gen

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 begining of the year	1,172,768,950,000	1,172,768,950,000
Increase in contributed capital	-	-
Contributed capital at end of the year	**1,172,768,950,000**	**1,172,768,950,000**
Dividends	**(82,093,826,500)**	**(70,366,137,000)**

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
Preferrence shares	-	-
Treasury shares	**-**	**-**
Ordinary shares	-	-
Preferrence shares	-	-
Outstanding shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895
Preferrence shares	-	-
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	1,595,426,466,856	1,476,473,329,444
Deductions from direct premiums	(1,142,242,681)	(63,062,557)
Total direct written premiums	**1,594,284,224,175**	**1,476,410,266,887**
Reinsurance premium assumed	187,985,628,791	195,075,750,800
Increase in un-earned premium reserve	(63,054,991,646)	(155,367,422,623)
Total	**1,719,214,861,320**	**1,516,118,595,064**

19.1 Direct written premiums

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	239,302,394,912	176,032,818,599
Property and Damages	287,274,721,893	276,761,524,410
Cargo	126,893,447,615	121,357,148,387
Automobile	587,309,181,206	567,767,284,564
Fire	243,520,674,917	204,750,377,400
Liability	12,564,218,115	11,778,547,344
Business Risk	5,135,138,370	3,583,938,337
Aviation	205,335,000	200,655,000
Hull and P&I	84,176,105,958	79,930,677,957
Financial and credit risk	5,055,482,000	25,892,289,528
Agriculture	2,847,524,189	8,355,005,361
Total	**1,594,284,224,175**	**1,476,410,266,887**

19.2 Reinsurance premiums assumed

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	6,577,973,657	20,056,477,332
Property and Damages	121,493,891,036	112,709,568,378
Cargo	3,091,752,482	3,680,132,923
Automobile	38,886,419,233	34,847,544,074
Fire	11,230,253,044	15,007,282,343
Liability	514,740,001	1,495,847,065
Business Risk	2,792,572,986	1,216,920,314
Aviation	3,013,029,127	5,090,170,437
Hull and P&I	224,208,976	890,411,585
Financial and credit risk	162,663,353	72,281,000
Agriculture	(1,875,104)	9,115,349
Total	**187,985,628,791**	**195,075,750,800**

20. REINSURANCE PREMIUM CEDED

	Current year VND	*Previous year VND*
Reinsurance premium ceded	532,701,189,549	554,274,938,932
Increase in ceded unearned premium reserve	22,777,983,099	(19,823,049,987)
Total	**555,479,172,648**	**534,451,888,945**

Reinsurance premium ceded includes:

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	1,386,850,047	1,400,792,511
Property and Damages	232,544,335,741	237,665,190,133
Cargo	87,167,998,807	88,942,891,743
Automobile	2,632,685,826	2,942,598,098
Fire	130,245,473,244	121,765,769,033
Liability	7,308,703,387	8,253,294,842
Business Risk	6,917,641,394	4,262,240,676
Aviation	2,741,965,376	3,303,590,191
Hull and P&I	57,910,730,509	58,237,699,216
Financial and credit risk	2,285,299,081	19,889,220,330
Agriculture	1,559,506,137	7,611,652,159
Total	**532,701,189,549**	**554,274,938,932**

21. COMMISSION ON REINSURANCE CEDED

	Current year VND	*Previous year VND*
Reinsurance ceded commission	126,003,913,298	128,019,519,917
Commission return/reduction	-	-
Total	**126,003,913,298**	**128,019,519,917**

Commission on reinsurance ceded includes:

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	488,390,719	489,549,207
Property and Damages	54,690,381,586	50,652,441,916
Cargo	23,497,900,113	24,731,446,860
Automobile	1,024,870,186	1,085,901,283
Fire	35,215,469,417	35,859,957,228
Liability	765,147,130	1,013,735,456
Business Risk	1,396,285,883	1,009,823,608
Aviation	554,125,794	674,884,270
Hull and P&I	8,131,672,229	8,257,068,558
Financial and credit risk	140,352,222	3,282,747,877
Agriculture	99,318,019	961,963,654
Total	**126,003,913,298**	**128,019,519,917**

22. OTHER INCOME FROM INSURANCE ACTIVITIES

	Current year VND	*Previous year VND*
Policy management fee	27,637,663,411	28,891,310,727
Other Income (*)	(1,323,735,769)	3,592,729,631
Total	**26,313,927,642**	**32,484,040,358**

(*) 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	763,193,926,098	593,322,363,057
- *Direct claim expenses*	*684,867,852,708*	*533,403,533,304*
- *Claim expense on reinsurance assumed*	*78,326,073,390*	*59,918,829,753*
Salvage and sub-rogation	(14,916,393,454)	(18,297,300,162)
Recovery from reinsurance ceded	(260,813,611,175)	(144,113,074,682)
Increase in gross claim reserve	328,460,051,169	34,929,922,126
Increase in ceded reinsurance claim reserve	(283,741,314,433)	(10,933,223,773)
Total	**532,182,658,205**	**454,908,686,566**

23.1 Direct claim expenses

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	73,400,738,158	70,878,575,120
Property and Damages	100,693,418,516	89,219,825,067
Cargo	37,448,851,705	53,118,047,451
Automobile	281,598,803,184	246,046,349,073
Fire	174,356,867,364	61,703,219,676
Liability	1,191,049,938	506,432,822
Business risk	457,923,942	-
Hull and P&I	15,720,199,901	11,931,084,095
Total	**684,867,852,708**	**533,403,533,304**

23.2 Claim expense on reinsurance assumed

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	297,165,905	47,466,283
Property and Damages	64,149,028,265	50,345,589,869
Cargo	889,109,979	1,068,232,637
Automobile	12,654,493,325	4,716,385,203
Fire	339,189,768	2,582,625,389
Aviation	(800,357,608)	577,154,505
Hull and P&I	767,036,858	463,703,958
Agriculture	30,406,898	117,671,909
Total	**78,326,073,390**	**59,918,829,753**

23. CLAIM EXPENSES (continued)

23.3 *Recoveries from reinsurance ceded*

Product	*Current year VND*	*Previous year VND*
Health and Personal Accident	428,348,840	649,985,173
Property and Damages	102,150,635,802	71,563,527,958
Cargo	14,852,748,289	29,942,986,774
Automobile	538,704,178	511,610,060
Fire	133,932,523,853	35,891,358,337
Liability	416,646,605	115,266,311
Business risk	384,580,223	-
Aviation	(2,526,561,990)	94,203,701
Hull and P&I	10,635,985,375	5,344,136,368
Total	**260,813,611,175**	**144,113,074,682**

24. OTHER OPERATING EXPENSES

	Current year VND	*Previous year VND*
Commission	143,274,271,179	120,088,782,840
Insurance risk assessment expenses	92,089,334	150,218,982
Agent management activities	19,124,229,140	18,785,308,798
Loss prevention	2,344,239,642	4,648,615,116
Statutory contributions	6,923,769,876	5,958,609,165
Other expenses	319,107,866,854	283,694,330,412
Total	**490,866,466,025**	**433,325,865,313**

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

25. FINANCE INCOME

	Current year VND	*Previous year VND*
Interest income from deposits at banks	162,773,084,124	150,308,191,364
Interest income from bonds	26,032,924,245	20,456,157,368
Dividend income	54,281,539,628	8,056,529,000
Gain from exchange rate difference	4,095,692,083	5,295,109,657
Gain from security trading	725,870,858	2,518,242,033
Other financial incomes	4,229,675	12,907,583
Total	**247,913,340,613**	**186,647,137,005**

26. FINANCE EXPENSES

	Current year VND	*Previous year VND*
Interest expense	5,221,540	6,396,035
Security trading expense	111,379,171	111,116,152
Loss on security trading	4,995,347,155	4,107,320,726
Loss on exchange rate difference	2,995,758,993	4,345,974,985
Provisions for diminution in value of investments	9,433,134,124	23,599,863,282
Other financial expenses	166,258,928	105,217,761
Total	**17,707,099,911**	**32,275,888,941**

27. GENERAL AND ADMINISTRATIVE EXPENSES

	Current year VND	*Previous year VND*
Employee expense	162,561,479,086	137,922,785,881
Material expense	10,330,123,651	10,185,513,934
Tool and equipment expense	3,333,089,492	4,343,846,104
Depreciation expense	6,621,353,337	5,650,260,630
Tax, fee, and charge	6,534,804,226	4,857,579,253
Expense for external services	105,347,320,812	86,704,391,242
Provision/(Reversal of provision) for doubtful debts	(2,256,919,770)	4,391,568,070
Other expenses	5,428,182,636	6,519,850,472
Total	**297,899,433,470**	**260,575,795,586**

28. OTHER INCOME

	Current year VND	*Previous year VND*
Income from disposal of fixed assets	25,089,055	333,135,585
Income from expired obligations	-	626,845,814
Other income	445,146,006	701,434,091
Total	**470,235,061**	**1,661,415,490**

29. OTHER EXPENSES

	Current year VND	*Previous year VND*
Administrative penalty	27,963,627	112,575,518
Other expenses	89,027,080	321,864,552
Total	**116,990,707**	**434,440,070**

30. CORPORATE INCOME TAX

The Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 20% of its taxable profits from 2017 (2016: 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.

30.1 Corporate Income Tax Expense

	Current year VND	*Previous year VND*
Current CIT expense	43,772,804,966	27,123,681,024
Deferred tax income	(5,406,119,820)	(2,616,128,116)
Total	**38,366,685,146**	**24,507,552,908**

The current corporate income tax payable is determined based on taxable income for the period. Taxable profit 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	**213,168,770,334**	**137,786,089,745**
CIT rate	20%	20%
Corporate Income Tax	42,633,754,067	27,557,217,949
Adjustments to increase:	13,290,312,750	6,507,989,809
Non-deductible expenses	*549,297,289*	*5,871,672,628*
Penalty for late payment of tax	*7,898,725*	*22,463,586*
Accrual of policy holder protection fund	*491,697,965*	*613,853,595*
Under accrual of tax from prior years	*8,384,591,183*	-
Adjustment of estimated reinsurance during the year	*2,456,994,518*	-
Provision for other long-term investment	*1,399,833,070*	-
Adjustments to decrease:	(12,151,261,851)	(6,941,526,734)
Tax exempted dividend income	*(10,856,307,926)*	*(1,611,305,800)*
Policy holder protection fund of prior year	-	*(518,704,650)*
Cancellation of premium revenue due to ineligibility for recognition under Circular No. 50/2017/TT-BTC	*(235,575,834)*	-
Assumed reinsurance estimation	-	*(2,858,623,269)*
Accrued expenses in 2016	*(1,059,378,091)*	*(1,745,957,289)*
Over accrual of tax from prior years	-	*(206,935,726)*
Current CIT expense	**43,772,804,966**	**27,123,681,024**

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)	-
Gain from estimated treaty contracts	2,034,408,989	-	(2,034,408,989)	-
Gain from estimated facultative contracts	422,585,529	-	(422,585,529)	-
	2,547,496,552	-		
Deferred tax liabilities				
Gain from estimates of treaty contracts of LVI	-	2,313,618,895	(2,313,618,895)	(3,012,088,742)
Gain from estimates of facultative contracts of LVI	-	545,004,373	(545,004,373)	395,960,626
	-	**2,858,623,268**	-	-
Net deferred tax debited to separate income statement			**(5,406,119,820)**	**(2,616,128,116)**

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 of Investment and Development of Vietnam (BIDV)	Parent	Gross written premiums	109,862,973,246	98,954,478,509
		Claim expense	(3,452,079,749)	(10,538,452,278)
		Commission expense	(24,187,928,498)	(10,423,675,450)
		Interest income from term deposit	140,898,206,145	123,664,972,222
		Office rental expense	(12,399,204,673)	(12,137,824,729)
		Bank transfer expense	(2,090,644,079)	(1,930,044,937)
		Bank overdraft interest	(5,221,540)	(6,396,035)
BIDV Leasing Company	Affiliate	Gross written premiums	318,902,806	134,935,229
		Claim expense	(14,300,000)	(37,173,500)
BIDV Securities Company	Affiliate	Gross written premiums	-	53,702,583
The Bank of Investment and Development of Cambodia (BIDC)	Affiliate	Gross written premiums	394,506,883	415,451,324
		Interest income from term deposit	3,726,959,430	3,597,144,444
		Claim expense	(17,599,970)	(29,900,000)
Lao Viet Insurance Company	Subsidiary	Assumed reinsurance premium	58,477,014,830	69,208,785,243
		Commission from reinsurance assumed	(14,348,935,413)	(18,570,723,106)
		Claim expense from reinsurance assumed	(13,503,253,578)	(6,764,600,429)

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*	*Receivables VND*	*Payables VND*
Joint stock Commercial Bank of Investment and Development of Vietnam (BIDV)	Parent	Current account	34,324,730,409	-
		Term deposits	2,010,280,846,470	-
		Interest from term deposits	77,578,268,061	-
		Premium receivables	66,775,605	-
		Commission payables	-	2,420,737,143
		Office rent payable	-	635,045,193
		Compulsory deposit at BIDV	8,000,000,000	-
		Deposits in blocked account	1,673,454,293	-
BIDV Leasing Company I	Affiliate	Premium receivables	290,236,789	-
		Commission payables	-	3,431,100
The Bank of Investment and Development of Cambodia (BIDC)	Affiliate	Term Deposits	64,500,000,000	-
		Interest from term deposits	2,257,704,166	-
Lao Viet Insurance Company	Subsidiary	Receivables for premium assumed	48,503,241,468	-
		Claim payables for reinsurance assumed	-	13,020,429,251
		Claim reserve for reinsurance assumed	-	12,030,081,052

Remuneration to members of Board of Directors:

	Current year VND	*Previous year VND*
Remuneration	252,000,000	466,000,000
Total	**252,000,000**	**466,000,000**

Remuneration to members of Board of Management:

	Current year VND	*Previous year VND*
Salaries and bonus	9,071,263,355	9,153,209,593
Other benefits	237,000,000	228,000,000
Total	**9,308,263,355**	**9,381,209,593**

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 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 designed by the Corporation.

Besides, the companies 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 effect on the scope of providing insurance service of those companies. Therefore, BIC does not have segments which fit the definition of segmental disclosures as require 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 2017 VND	*31 December 2016 VND*
Operating lease commitments due:		
- Less than 1 year	8,227,573,091	272,272,727
- From 1 – 5 years	20,197,843,012	38,528,707,946
- More than 5 years	1,135,678,693	3,186,132,782
Total	**29,561,094,796**	**41,987,113,455**

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.

Other off-balance sheet items

ITEMS	*31 December 2017*	*31 December 2016*
Insurance policies signed but not yet effective (VND)	103,416,464,824	136,576,993,216
Foreign currency (USD)	60,895	366,466.22
Foreign currency (EUR)	248,407	215,061.17
Foreign currency (GBP)	28,777	-
Foreign currency (AUD)	12,350	12,370.34

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.

34.2 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 No. 50/2017/TT-BTC issued by the Ministry of Finance.

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 2017	1,756,678	303,939	578%
31 December 2016	1,601,428	274,331	584%

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 No. 50/2017/TT-BTC dated 01 July 2017 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

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; 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.

35. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

35.1 Insurance risk (continued)

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.

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	Total
At end of accident year	1	2	3	4	5
I. Estimate of cumulative claims incurred					
1	236,439	331,092	418,898	489,421	
2	238,552	352,058	453,511	-	
3	244,654	353,098	-	-	
4	245,008	-	-	-	
Current estimate of cumulative claims incurred (1)	**245,008**	**353,098**	**453,511**	**489,421**	**1,541,038**
II. Cumulative claim payment					
1	162,897	234,260	322,946	343,231	
2	226,832	327,997	446,201	-	
3	239,805	343,809	-	-	
4	241,832	-	-	-	
Cumulative claim payment to date (2)	**241,832**	**343,809**	**446,201**	**343,231**	**1,375,073**
III. Net outstanding claim reserve (3) = (1) – (2)	**3,176**	**9,289**	**7,310**	**146,190**	**165,965**
IV. Current estimate of surplus/(deficit) (4)	**(8,569)**	**(22,006)**	**(34,613)**	**-**	**(65,188)**
V. Percentage of current estimate of surplus/(deficit) over current estimate of cumulative claims incurred (5) = (4)/(1)*100%	**(3%)**	**(6%)**	**(8%)**	**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 position as at 31 December 2017 and 31 December 2016.

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 for interest rate risk 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 current risk facing the Corporation 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.

Major of the Corporation financial assets are denominated in VND which mitigates the foreign currency risk. With assets denominated in foreign currency, most of them 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 2017		
+5%	3,345,386,857	2,676,309,486
-5%	(3,345,386,857)	(2,676,309,486)
31 December 2016		
+5%	1,882,833,963	1,506,267,170
-5%	(1,882,833,963)	(1,506,267,170)

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 262.726.627.100 (31 December 2016: VND 166,582,834,600). A decrease of 10% on the stock market index would decrease Corporation's profit before tax by VND 7,059,566,850 (31 December 2016: decrease by VND 5,992,213,661), 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 5,838,991,850 (31 December 2016: increase by VND 5,133,498,009).

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 amounts 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 reinsurer approval, incorporating 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 2017.

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 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**
As at 31 December 2016					
Receivables from insurance activities	9,413	1,604	3,564	16,703	15,698
Receivables from financial activities	-	-	-	3,000	3,000
Total	**9,413**	**1,604**	**3,564**	**19,703**	**18,698**

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. There is therefore 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 the balance sheet date and 31 December 2016:

	On demand VND	*Less than 1 year VND*	*From 1 to 5 years VND*	*Total VND*
31 December 2017				
Financial liabilities				
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**

	On demand VND	*Less than 1 year VND*	*From 1 to 5 years VND*	*Total VND*
31 December 2016				
Financial liabilities				
Insurance payables	41,997,370,531	-	-	41,997,370,531
Reinsurance payables	-	264,909,109,628	-	264,909,109,628
Accrued expenses	-	12,888,591,439	-	12,888,591,439
Claim reserve	503,878,630,777	-	-	503,878,630,777
Other payables	127,286,114,623	-	-	127,286,114,623
	673,162,115,931	**277,797,701,067**	**-**	**950,959,816,998**

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 No. 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular No. 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 No. 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 No. 210 include cash and bank deposits, trade and other receivables, listed and unlisted financial instruments.

According to Circular No. 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 No. 210/2009/TT-BTC include trade and other payables, loans and borrowings.

According to Circular No. 210/2009/TT-BTC, 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 29 December 2017.
- 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 29 December 2017.
- 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 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	40,486,965,141	-	-	40,486,965,141	40,486,965,141
Total	**369,679,102,110**	-	-	**369,679,102,110**	**369,679,102,110**

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2016:

	Carrying amount				*Fair value*
31 December 2016	*Cost* VND	*Accrued interest* VND	*Provision* VND	*Total* VND	VND
Financial assets					
Available for sale	283,429,685,967	-	(45,486,046,788)	237,943,639,179	260,361,289,397
Listed shares	*155,874,172,967*	-	*(11,708,988,585)*	*144,165,184,382*	*166,582,834,600*
Unlisted shares	*77,555,513,000*	-	*(16,890,324,139)*	*60,665,188,861*	*60,665,188,861*
BIDV Metlife	*50,000,000,000*	-	*(16,886,734,064)*	*33,113,265,936*	*33,113,265,936*
Loan and receivables	2,763,752,609,386	85,670,104,328	(18,698,419,071)	2,830,724,294,643	2,830,724,294,643
Bonds	*285,032,233,756*	*11,003,589,041*	*(3,000,000,000)*	*293,035,822,797*	*293,035,822,797*
Term deposits	*2,145,038,078,356*	*74,616,681,954*	-	*2,219,654,760,310*	*2,219,654,760,310*
Insurance receivables	*314,121,199,102*	-	*(15,698,419,071)*	*298,422,780,031*	*298,422,780,031*
Other receivables	*13,561,098,172*	-	-	*13,561,098,172*	*13,561,098,172*
Statutory deposit	*6,000,000,000*	*49,833,333*	-	*6,049,833,333*	*6,049,833,333*
Cash and cash equivalents	152,977,915,505	214,138,889	-	153,192,054,394	153,192,054,394
Total	**3,200,160,210,858**	**85,884,243,217**	**(64,184,465,859)**	**3,221,859,988,216**	**3,244,277,638,434**
Financial liabilities					
Trade payables	308,411,483,944	-	-	308,411,483,944	308,411,483,944
Accrued expenses	12,888,591,439	-	-	12,888,591,439	12,888,591,439
Other payables	50,017,012,336	-	-	50,017,012,336	50,017,012,336
Total	**371,317,087,719**	**-**	**-**	**371,317,087,719**	**371,317,087,719**

37. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since separate the 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 2017 were authorised for issuance by General Director on 9 February 2018.

Mr. Nguyen Xuan Dong	Ms. Lai Ngan Giang	Mr. Tran Hoai An
Accountant	Chief Accountant	General Director
Finance - Accounting Division		

Hanoi, Vietnam

9 February 2018