# BIDV Insurance Joint Stock Corporation

Audited Separate Financial Statements

31 December 2015

**CONTENTS**


| | *Pages* |
|---|---|
| General information | 1 - 2 |
| Report of Management | 3 |
| Independent auditors' report | 4 - 5 |
| Separate balance sheet | 6 - 9 |
| Separate income statement | 10 - 12 |
| Separate cash flow statement | 13 - 14 |
| Notes to the separate financial statements | 15 - 70 |

# BIDV Insurance Joint Stock Corporation

GENERAL INFORMATION

## CORPORATION

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

The Corporation was transformed from equalization of BIDV Insurance Company, which was a wholly-owned subsidiary of Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") and established under Business License No 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 5 August 2010, the Company successfully completed the Initial Public Offering. Accordingly, 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, percentage of share held by BIDV and other shareholders was respectively 78.83% and 21.62%. In 2015, the Corporation issued shares to 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 Ministry of Finance. Accordingly, percentage of share held by BIDV, Fairfax Asia Limited and other shareholders was 51%, 35% and 21.62%, respectively.

The following summarizes some key information about the entity:

| | |
|---|---|
| Registered Company name: | BIDV Insurance Joint Stock Corporation |
| Address: | 16th Floor, A Tower, Vincom, 191 BaTrieu Street, Hai Ba Trung District, Hanoi |
| Operating activities: | to provide general insurance products, reinsurance, loss survey, investing activities and other activities that are in line with prevailing laws and regulations. |

The Corporation has one 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% |

### *Charter Capital*

As at 31 December 2015, the charter capital was VND 1,172,768,950,000 (31 December 2014: VND 762,299,820,000).

### *Location and branch network*

The Corporation has its Head office located at 16th floor, Tower A, Vincom City Towers, 191 Ba Trieu Street, Hai Ba Trung district, Hanoi and twenty-five (25) branches nationwide.

### *Employee*

Total employees of the Corporation as at 31 December 2015 was 755 persons (31 December 2014: 693 persons).

GENERAL INFORMATION (continued)

## BOARD OF DIRECTORS

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

| *Name* | *Position* | *Date of appointment/ reappointment/ resignation* |
|---|---|---|
| Mr. Pham Quang Tung | Chairman | Reappointed on 20 April 2015 |
| Mr. Tran Hoai An | Member | Appointed on 20 April 2015 |
| Ms. Dang Thi Hong Phuong | Member | Reappointed on 20 April 2015 |
| Ms. Nguyen Thi Quynh Giao | Member | Appointed on 20 April 2015 |
| Mr. Vo Hai Nam | Member | Appointed on 20 April 2015 |
| Ms. Nguyen Thi Thanh Van | Member | Resigned on 20 April 2015 |
| Mr. Ton Lam Tung | Member | Resigned on 20 April 2015 |
| Mr. Le Ngoc Lam | Member | Resigned on 20 April 2015 |

## BOARD OF SUPERVISION

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

| *Name* | *Position* | *Date of reappointment* |
|---|---|---|
| Mr. Cao Cu Tri | Head of Board | Reappointed on 20 April 2015 |
| Mr. Nguyen Trung Kien | Member | Reappointed on 20 April 2015 |
| Mr. Nguyen Thanh Cong | Member | Reappointed on 20 April 2015 |

## MANAGEMENT

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

| *Name* | *Position* | *Date of appointment* |
|---|---|---|
| Mr. Tran Hoai An | General Director | Appointed on 31 October 2014 |
| Mr. Tran Trung Tinh | Deputy General Director | Appointed on 1 October 2012 |
| Mr. Vu Minh Hai | Deputy General Director | Appointed on 16 April 2012 |
| 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.

# BIDV Insurance Joint Stock Corporation

REPORT OF MANAGEMENT

Management of BIDV Insurance Joint Stock Corporation ("the Corporation") presents its report and the separate financial statements of the Corporation for the year ended 31 December 2015.

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

Management is responsible for the separate financial statements of financial year which give a true and fair view of the state of the financial position of the Corporation and of its results and cash flows for the year. 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 confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements for the year ended 31 December 2015.

## 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 2015 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.

For and on behalf of Management

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

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

29 February 2016

Ernst & Young Vietnam Limited
8th Floor, CornerStone Building
16 Phan Chu Trinh Street
Hoan Kiem District
Hanoi, S.R. of Vietnam

Tel : + 84 4 3831 5100
Fax: + 84 4 3831 5090
ey.com

Reference: 60755012/17866688

# INDEPENDENT AUDITORS' REPORT

**To: Shareholders of BIDV Insurance Joint Stock Corporation**

We have audited the accompanying separate financial statements of BIDV Insurance Joint Stock Corporation ("the Corporation") as prepared on 29 February 2016 and set out on pages 6 to 70, which comprise the separate balance sheet as at 31 December 2015, 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 auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Building a better working world

***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 2015 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the relevant statutory requirements to preparation and presentation of separate financial statements.

***Emphasis of matter***

Without qualifying our opinion, we draw attention to Note 2.1 of the separate financial statements which states that the Corporation prepared and issued its consolidated financial statements of the Corporation and its subsidiary for the year ended 31 December 2015 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 consolidated financial statements. We have audited those consolidated financial statements and our auditors' report dated 29 February 2016 expressed an unmodified opinion. Users of the accompanying separate financial statements should read them together with the consolidated financial statements of the Corporation and its subsidiary for the year ended 31 December 2015 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.

**Ernst & Young Vietnam Limited**

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

Saman Bandara
Deputy General Director
Audit Practising Registration
Certificate No. 2036-2013-004-1

Le Duc Linh
Auditor
Audit Practising Registration
Certificate No. 1672-2013-004-1

Hanoi, Vietnam

29 February 2016

SEPARATE BALANCE SHEET
as at 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Ending Balance* | *Beginning Balance (restated)* |
|---|---|---|---|---|
| **100** | **A. CURRENT ASSETS** | | **3,071,004,521,398** | **2,135,139,310,205** |
| ***110*** | ***I. Cash and cash equivalents*** | ***4*** | ***234,893,788,001*** | ***145,220,016,867*** |
| 111 | 1. Cash | | 58,893,788,001 | 49,720,016,867 |
| 112 | 2. Cash equivalents | | 176,000,000,000 | 95,500,000,000 |
| ***120*** | ***II. Short-term investments*** | ***5*** | ***1,833,299,078,283*** | ***1,081,493,160,648*** |
| 121 | 1. Trading securities | | 76,429,659,858 | 72,626,052,716 |
| 122 | 2. Provision for trading securities | | (5,130,581,575) | (3,132,892,068) |
| 123 | 3. Held-to-maturity investments | | 1,762,000,000,000 | 1,012,000,000,000 |
| ***130*** | ***III. Short-term receivables*** | ***6*** | ***343,175,717,721*** | ***306,877,542,885*** |
| 131 | 1. Short-term trade receivables | | 294,070,925,872 | 266,765,071,665 |
| *131.1* | *1.1 Insurance receivables* | | *294,065,838,178* | *266,765,071,665* |
| *131.2* | *1.2 Other trade receivables* | | *5,087,694* | - |
| 132 | 2. Short-term advances to suppliers | | 1,551,758,776 | 1,854,102,733 |
| 136 | 3. Other receivables | | 61,859,884,074 | 58,017,250,788 |
| 137 | 4. Allowance for doubtful debts | | (14,306,851,001) | (19,758,882,301) |
| ***140*** | ***IV. Inventories*** | | ***146,828,992*** | ***472,839,213*** |
| 141 | 1. Inventories | | 146,828,992 | 472,839,213 |
| ***150*** | ***V. Other short-term assets*** | | ***56,984,109,455*** | ***43,389,922,869*** |
| 151 | 1. Prepaid expenses | | 56,495,652,538 | 42,985,489,930 |
| *151.1* | *1.1 Unallocated commission expense* | *7* | *54,874,855,847* | *42,565,932,167* |
| *151.2* | *1.2 Other prepaid expenses* | | *1,620,796,691* | *419,557,763* |
| 152 | 2. Deductible VAT | | 488,456,917 | 404,432,939 |
| ***190*** | ***VI. Reinsurance assets*** | ***17.1*** | ***602,504,998,946*** | ***557,685,827,723*** |
| 191 | 1. Reinsurance assets from unearned premium reserve | | 277,659,988,399 | 214,312,202,132 |
| 192 | 2. Reinsurance assets from claim reserve | | 324,845,010,547 | 343,373,625,591 |

SEPARATE BALANCE SHEET (continued)
as at 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Ending Balance* | *Beginning Balance (restated)* |
|---|---|---|---|---|
| **200** | **B. NON-CURRENT ASSETS** | | **621,113,101,087** | **253,205,839,885** |
| ***210*** | ***I. Long-term receivables*** | | ***6,411,432,734*** | ***6,045,954,546*** |
| 216 | 1. Other long-term receivables | | 6,411,432,734 | 6,045,954,546 |
| *216.1* | *1.1. Statutory deposit* | *8* | *6,000,000,000* | *6,000,000,000* |
| *216.2* | *1.2. Other long-term receivables* | | *411,432,734* | *45,954,546* |
| ***220*** | ***II. Fixed assets*** | | ***29,167,434,806*** | ***20,748,306,681*** |
| 221 | 1. Tangible fixed assets | 9 | 22,549,140,610 | 14,211,593,725 |
| *222* | *Costs* | | *52,342,975,405* | *40,280,132,768* |
| *223* | *Accumulated depreciation* | | *(29,793,834,795)* | *(26,068,539,043)* |
| 227 | 2. Intangible assets | 10 | 6,618,294,196 | 6,536,712,956 |
| *228* | *Costs* | | *6,739,599,125* | *6,606,599,125* |
| *229* | *Accumulated amortisation* | | *(121,304,929)* | *(69,886,169)* |
| ***240*** | ***III. Construction in progress*** | | ***97,317,909*** | - |
| 242 | 1. Investment in subsidiary | | 97,317,909 | - |
| ***250*** | ***III. Long-term investments*** | ***5*** | ***584,790,423,069*** | ***224,192,172,163*** |
| 251 | 1. Investment in subsidiary | | 34,660,020,000 | 34,660,020,000 |
| 253 | 2. Other long-term investments | | 125,946,505,000 | 126,090,000,000 |
| 254 | 3. Provision for impairment of long-term investments | | (16,755,601,931) | (16,557,847,837) |
| 255 | 4. Held-to-maturity investments | | 440,939,500,000 | 80,000,000,000 |
| ***260*** | ***IV. Other long-term assets*** | | ***646,492,569*** | ***2,219,406,495*** |
| 261 | 1. Long-term prepaid expenses | 11 | 646,492,569 | 2,219,406,495 |
| **270** | **TOTAL ASSETS (270=100+200)** | | **3,692,117,622,485** | **2,388,345,150,090** |

SEPARATE BALANCE SHEET (continued)
as at 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Ending Balance* | *Beginning Balance (restated)* |
|---|---|---|---|---|
| **300** | **A. LIABILITIES** | | **1,747,226,367,383** | **1,509,495,929,431** |
| ***310*** | ***I. Current liabilities*** | | ***1,739,021,045,656*** | ***1,506,869,653,714*** |
| 311 | 1. Trade payables | 12 | 260,242,871,481 | 272,018,564,245 |
| *311.1* | *1.1. Insurance payables* | | *260,036,147,418* | *271,999,981,428* |
| *311.2* | *1.2. Other payables* | | *206,724,063* | *18,582,817* |
| 312 | 2. Short-term advance from customers | | 3,921,618,371 | 3,869,042,310 |
| 313 | 3. Tax and other statutory obligations | 13 | 13,221,437,624 | 26,621,858,510 |
| 314 | 4. Payables to employees | | 36,477,927,753 | 29,938,955,213 |
| 315 | 5. Short-term accrued expenses | 14 | 14,257,972,097 | 14,304,710,299 |
| 318 | 6. Short-term deferred revenue | | 6,940,508,479 | 4,768,983,859 |
| 318.1 | 7. Un-earned commission revenue | 15 | 67,155,147,363 | 42,201,089,205 |
| 319 | 8. Other short-term payables | 16 | 28,947,438,009 | 11,702,220,027 |
| 322 | 9. Bonus and welfare funds | | 5,389,533,649 | 3,931,236,644 |
| 329 | 10. Technical reserves | 17 | 1,302,466,590,830 | 1,097,512,993,402 |
| *329.1* | *10.1. Gross un-earned premium reserve* | | *759,915,619,653* | *569,832,186,917* |
| *329.2* | *10.2. Gross claim reserve* | | *470,722,803,331* | *454,224,711,072* |
| *329.3* | *10.3. Catastrophe reserve* | | *71,828,167,846* | *73,456,095,413* |
| ***330*** | ***II. Non-current liabilities*** | | ***8,205,321,727*** | ***2,626,275,717*** |
| 337 | 1. Other long-term liabilities | 16 | 2,730,570,343 | 2,554,754,614 |
| 341 | 2. Deferred tax liability | | 5,474,751,384 | 71,521,103 |

SEPARATE BALANCE SHEET (continued)
as at 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Ending Balance* | *Beginning Balance (restated)* |
|---|---|---|---|---|
| **400** | **B. OWNERS' EQUITY** | | **1,944,891,255,102** | **878,849,220,659** |
| ***410*** | ***I. Owners' equity*** | ***18*** | ***1,944,891,255,102*** | ***878,849,220,659*** |
| 411 | 1. Charter capital | | 1,172,768,950,000 | 762,299,820,000 |
| *411a* | - *Common shares with voting rights* | | *1,172,768,950,000* | *762,299,820,000* |
| *411b* | - *Preference shares* | | - | - |
| 412 | 2. Share premium | | 655,565,033,362 | 4,875,765,330 |
| 417 | 3. Investment and development fund | | 1,800,187,891 | 1,800,187,891 |
| 419 | 4. Statutory reserve | | 22,310,289,169 | 17,652,521,022 |
| 421 | 5. Retained earnings | | 92,446,794,680 | 92,220,926,416 |
| *421a* | *5.1. Accumulated undistributed profit of previous years* | | *5,998,513,158* | *22,654,990,804* |
| *421b* | *5.2. Undistributed profit of current year* | | *86,448,281,522* | *69,565,935,612* |
| **440** | **TOTAL LIABILITIES AND OWNERS' EQUITY (440=300+400)** | | **3,692,117,622,485** | **2,388,345,150,090** |

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

Hanoi, Vietnam

29 February 2016

SEPARATE INCOME STATEMENT

PART 1: SEPARATE COMPREHENSIVE INCOME STATEMENT
for the year ended 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Current Year* | *Previous Year (restated)* |
|---|---|---|---|
| 10 | 1. Total operating income | 961,455,193,725 | 720,451,758,342 |
| 12 | 2. Finance income | 133,913,366,273 | 134,417,547,204 |
| 13 | 3. Other income | 3,301,276,059 | 1,511,280,754 |
| 20 | 4. Total direct operating expenses | (746,368,983,406) | (506,394,810,848) |
| 22 | 5. Finance expense | (16,049,394,908) | (24,582,750,297) |
| 23 | 6. General and administrative expenses | (219,476,320,374) | (209,962,515,760) |
| 24 | 7. Other expenses | (888,462,783) | (3,443,136,753) |
| **50** | **8. Profit before corporate income tax (50=10+12+13+20+22+23+24)** | **115,886,674,586** | **111,997,372,642** |
| 51 | 9. Current corporate income tax expense | (17,328,081,366) | (23,922,654,508) |
| 52 | 10. Deferred corporate income tax income | (5,403,230,281) | (490,291,518) |
| **60** | **11. Net profit for the year after corporate income tax (60=50+51+52)** | **93,155,362,939** | **87,584,426,616** |

SEPARATE INCOME STATEMENT (continued)

PART 2: SEPARATE OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Current Year* | *Previous Year (restated)* |
|---|---|---|---|---|
| **01** | **1. Insurance revenue (01 = 01.1 + 01.2 + 01.3)** | **19** | **1,288,691,665,535** | **1,005,054,503,168** |
| | In which: | | | |
| 01.1 | - Direct written premiums | | 1,280,643,016,222 | 992,045,133,539 |
| 01.2 | - Reinsurance premium assumed | | 198,132,082,049 | 126,083,895,549 |
| 01.3 | - Increase in un-earned premium reserve | | (190,083,432,736) | (113,074,525,920) |
| **02** | **2. Reinsurance premium ceded (02 = 02.1 + 02.2)** | **20** | **(467,017,573,772)** | **(375,319,655,460)** |
| | In which: | | | |
| 02.1 | - Reinsurance premium ceded | | (530,365,360,039) | (401,688,553,748) |
| 02.2 | - Increase in ceded premium reserve | | 63,347,786,267 | 26,368,898,288 |
| **03** | **3. Net insurance premiums (03 = 01 + 02)** | | **821,674,091,763** | **629,734,847,708** |
| **04** | **4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2)** | | **139,781,101,962** | **90,716,910,634** |
| | In which: | | | |
| 04.1 | - Commission on reinsurance ceded | 21 | 110,729,301,110 | 67,041,122,928 |
| 04.2 | - Other income from insurance activities | | 29,051,800,852 | 23,675,787,706 |
| **10** | **5. Total net revenue from insurance business (10 = 03 + 04)** | | **961,455,193,725** | **720,451,758,342** |
| **11** | **6. Claim expenses (11 = 11.1 + 11.2)** | | **(463,431,668,740)** | **(341,821,967,676)** |
| | In which: | | | |
| 11.1 | - Claim expenses | | (468,165,350,277) | (342,644,929,219) |
| 11.2 | - Claim expense reductions | | 4,733,681,537 | 822,961,543 |
| **12** | **7. Recoveries from reinsurance ceded** | | **153,883,717,486** | **108,261,964,428** |
| **13** | **8. Increase in Direct and assumed claim reserve** | | **(70,636,297,278)** | **(127,988,042,754)** |
| **14** | **9. Increase in ceded claim reserve** | | **35,604,281,975** | **123,953,986,544** |
| **15** | **10. Net claim expenses (15 = 11 + 12 + 13 + 14)** | **22** | **(344,579,966,557)** | **(237,594,059,458)** |
| **16** | **11. Increase in catastrophe reserve** | | **(9,484,097,382)** | **(7,165,458,548)** |

SEPARATE INCOME STATEMENT (continued)

PART 2: SEPARATE OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Current Year* | *Previous Year (restated)* |
|---|---|---|---|---|
| **17** | **12. Other operating expenses (17 = 17.1 + 17.2)** | **23** | **(392,304,919,467)** | **(261,635,292,842)** |
| | In which: | | | |
| 17.1 | - Commission expense | | (121,055,711,023) | (65,685,201,176) |
| 17.2 | - Other underwriting expenses | | (271,249,208,444) | (195,950,091,666) |
| **18** | **13. Total direct operating expenses (18 = 15 + 16 + 17)** | | **(746,368,983,406)** | **(506,394,810,848)** |
| **19** | **14. Gross insurance operating profit (19 = 10 + 18)** | | **215,086,210,319** | **214,056,947,494** |
| **23** | **15. Finance income** | **24** | **133,913,366,273** | **134,417,547,204** |
| **24** | **16. Finance expense** | **25** | **(16,049,394,908)** | **(24,582,750,297)** |
| **25** | **17. Profit from financial activities (25 = 23 + 24)** | | **117,863,971,365** | **109,834,796,907** |
| **26** | **18. General and administrative expenses** | **26** | **(219,476,320,374)** | **(209,962,515,760)** |
| **30** | **19. Net operating income (30 = 19 + 25 + 26)** | | **113,473,861,310** | **113,929,228,641** |
| **31** | **20. Other income** | **27** | **3,301,276,059** | **1,511,280,754** |
| **32** | **21. Other expenses** | **28** | **(888,462,783)** | **(3,443,136,753)** |
| **40** | **22. Net other profit (40 = 31 + 32)** | | **2,412,813,276** | **(1,931,855,999)** |
| **50** | **23. Profit before corporate income tax (50 = 30 + 40)** | | **115,886,674,586** | **111,997,372,642** |
| **51** | **24. Current corporate income tax expense** | **29** | **(17,328,081,366)** | **(23,922,654,508)** |
| **52** | **25. Deferred corporate income tax income** | **29** | **(5,403,230,281)** | **(490,291,518)** |
| **60** | **26. Net profit for the year after corporate income tax (60 = 50 + 51 + 52)** | | **93,155,362,939** | **87,584,426,616** |

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

29 February 2016

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Current Year* | *Previous Year (restated)* |
|---|---|---|---|---|
| | **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **01** | **Net profit before tax** | | **115,886,674,586** | **111,997,372,642** |
| | *Adjustments for:* | | | |
| 02 | Depreciation and amortisation | | 3,776,714,014 | 3,075,028,994 |
| 03 | Insurance reserves and provision for diminution in investment value | | 158,511,373,812 | 265,877,248,690 |
| 04 | Losses from revaluation of foreign currencies | | 1,508,233,586 | |
| 05 | Profits from investing activities | | (110,686,492,136) | (115,516,810,103) |
| 06 | Interest expense | | 125,341,702 | - |
| **08** | **Operating income before changes in working capital** | | **169,121,845,564** | **265,432,840,223** |
| 09 | Increase in receivables | | (26,565,758,586) | (104,735,837,129) |
| 10 | Increase in inventory | | - | (472,839,213) |
| 11 | Increase/(decrease) in payables | | 34,560,106,092 | (18,633,269,858) |
| 12 | Increase in prepaid expense | | (12,056,625,308) | (43,425,941,479) |
| 13 | Increase in trading securities | | (3,803,607,142) | - |
| 14 | Interest expense paid | | (119,295,338) | - |
| 15 | Corporate income tax paid | | (25,173,329,488) | (26,268,355,967) |
| 16 | Increase in receivables from other activities | | 451,299,780 | 4,594,413,836 |
| 17 | Increase payables for other activities | | (14,872,716,862) | (18,123,998,503) |
| **20** | **Net cash flow from operating activities** | | **121,541,918,712** | **58,367,011,910** |
| | **II. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| 21 | Purchase of fixed assets and other long-term assets | | (12,293,160,546) | (7,300,672,275) |
| 22 | Disposal of fixed assets and other long-term assets | | 22,970,908 | - |
| 23 | Payments for investments in other entities | | (2,137,439,500,000) | (1,133,395,364,022) |
| 24 | Proceeds from matured investments | | 1,007,500,000,000 | 1,070,422,368,044 |
| 26 | Proceeds from sale of investment | | 55,000,000 | - |
| 27 | Interest received | | 105,514,006,460 | 101,728,606,468 |
| **30** | **Net cash flow from/(used in) investing activities** | | **(1,036,640,683,178)** | **31,454,938,215** |

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2015

*Currency: VND*

| *Code* | *ITEMS* | *Notes* | *Current Year* | *Previous Year (restated)* |
|---|---|---|---|---|
| | **III. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| 31 | Capital contribution and issuance of shares | 18 | 1,080,500,000,000 | 33,000,000,000 |
| 36 | Dividends paid | | (75,727,464,400) | (23,943,000) |
| **40** | **Net cash flow from financing activities** | | **1,004,772,535,600** | **32,976,057,000** |
| **50** | **Net increase in cash and cash equivalent (50=20+30+40)** | | **89,673,771,134** | **122,798,007,125** |
| **60** | **Cash and cash equivalents at beginning of the year** | | **145,220,016,867** | **22,422,009,742** |
| **70** | **Cash and cash equivalents at end of the year (70=50+60)** | **4** | **234,893,788,001** | **145,220,016,867** |

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

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

Hanoi, Vietnam

29 February 2016

## 1. CORPORATION

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

The Corporation was transformed from equalization of BIDV Insurance Company, which was a wholly-owned subsidiary of Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") and established under Business License No 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 5 August 2010, the Company successfully completed the Initial Public Offering. Accordingly, 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, percentage of share held by BIDV and other shareholders was respectively 78.83% and 21.62%. In 2015, the Corporation issued shares to 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 Ministry of Finance. Accordingly, percentage of share held by BIDV, Fairfax Asia Limited and other shareholders was 51%, 35% and 21.62%, respectively.

The following summarizes some key information about the entity:

| | |
|---|---|
| Registered Company name: | BIDV Insurance Joint Stock Corporation |
| Address: | 16th Floor, A Tower, Vincom, 191 BaTrieu Street, Hai Ba Trung District, Hanoi |
| Operating activities: | to provide general insurance products, reinsurance, loss survey, investing activities and other activities that are in line with prevailing laws and regulations. |

The Corporation has one 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% |

***Charter Capital***

As at 31 December 2015, the charter capital was VND 1,172,768,950,000 (31 December 2014: VND 762,299,820,000).

***Location and branch network***

The Corporation has its Head office located at 16th floor, Tower A, Vincom City Towers, 191 Ba Trieu Street, Hai Ba Trung district, Hanoi and twenty-five (25) branches nationwide.

***Employee***

Total employees of the Corporation as at 31 December 2015 was 755 persons (31 December 2014: 693 persons).

## 2. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

### 2.1 *Accounting standard and system*

The Separate Financial Statements of BIDV Insurance Joint Stock Corporation, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System for non-life insurance companies issued by the Ministry of Finance in Circular 232/2012/TT-BTC (Circular 232) dated 28 December 2013 and the Circular 200/2014/TT-BTC dated 22 December 2014 providing guidance on enterprise accounting system, in accordance with Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

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

The accompanying separate balance sheet, separate income statement, separate cash flow statement and related notes, 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.

The separate financial statements reflect only the operations of the Corporation for the year ended 31 December 2015. The consolidated financial statements which include the Corporation and its subsidiary are prepared separately and independently from the separate financial statements. Users of these separate financial statements should read them together with the consolidated financial statements of the Corporation as at 31 December 2015 and for the year ended in order to obtain full information on the consolidated financial position, results of operations and cash flows of the Corporation and its subsidiary as a whole.

### 2.2 *Applied accounting documentation system*

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

### 2.3 *Fiscal year*

The Corporation's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

### 2.4 *Accounting currency*

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *3.1 Changes in accounting policies and disclosures*

Accounting policies that the Corporation applied are consistent with the accounting policies for the preparation of the financial statements for the year ended 31 December 2014, except for changes in accounting policies as follows:

*Circular No. 200/2014/TT-BTC providing guidance on the corporate accounting regime applied for enterprises in all business lines and economic sectors.*

On 22 December 2014, the Ministry of Finance promulgated the Circular No. 200/2014/TT-BTC providing guidance on the corporate accounting regime applied for enterprises in every business line and economic sector ("Circular 200"). The Circular takes effect from 1 January 2015 and supersedes the prevailing enterprise accounting system under Decision 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance.

Under the impact of changes in accordance with Circular 200 as compared to Decision 15, items of financial statements have been supplemented and amended; separated or aggregated or shown a change in their codes. As a result, comparative figures of financial statements for the current period have also been represented to conform to provisions of Circular 200.

Moreover, Circular 200 has introduced some changes associated with recording principles for some items of financial statements.

*Circular 194/2014/TT-BTC amends and supplements a number of articles of Circular No. 124/2012/TT-BTC dated 30 July 2012 of the Ministry of Finance.*

On 17 December 2014, the Ministry of Finance promulgated the Circular No. 194/2014/TT-BTC ("Circular 194), which amends and supplements a number of articles of the Circular No. 124/2012/TT-BTC dated 30 July 2012 and the Circular No. 125/2012/TT-BTC dated 30 July 2012 of the Ministry of Finance providing guidance on the financial regime applicable to insurers, reinsurance businesses, insurance brokers and branches of foreign non-life insurers.

In accordance with Circular 194, premium payment period shall not exceed 30 days since 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.

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

### 3.2 *Presentation and disclosures of financial instruments*

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, including financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

As Circular 210 only requires the presentation and disclosure of financial instruments, the definition of financial assets, financial liabilities and other relevant definitions are applicable to the preparation of the notes in accordance with Circular 210 only. The recognition and measurement of assets, liabilities and equities of the Corporation are still in accordance with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting System and accounting guidance applicable to insurance companies and comply with the relevant statutory requirements.

### 3.3 *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.

### 3.4 *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 other receivables will be 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, these undue receivables should be estimated the irrecoverable loss for appropriating the provision. The increase or decrease to the provision balance is recorded as the general and administrative expense in the separate income statement.

The Corporation adopts the provision policy as promulgated by the Ministry of Finance in Circular 228/2009/TT-BTC dated 07 December 2009 ("Circular 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)

### *3.5 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 assets are sold or retired, their cost and accumulated depreciation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

### *3.6 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 assets are sold or retired, their cost and accumulated depreciation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

### *3.7 Depreciation and amortisation*

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

| | |
|---|---|
| Buildings | 8 - 25 years |
| Machinery | 3 - 7 years |
| Motor vehicles | 6 - 10 years |
| Office equipment | 5 years |
| Other tangible fixed assets | 5 years |
| Accounting software | 3 - 5 years |
| Land use right with indefinite term | No amortization |

### *3.8 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)

### *3.9 Investments*

*3.9.1 Trading Securities*

Trading securities held for trading purpose which also includes securities with maturity more than 12 months bought and sold to margin gain:

- 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.

*3.9.2 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.

These investments are held for purposes of periodic interest income.

*3.9.3 Investment in subsidiaries*

Investments in subsidiaries over which the Company 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.

*3.9.4 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 right and is founding shareholder; or strategic partner; or impacts on the enterprise' foundation, determines financial and operating policies under agreements with 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 investments are subject to review for impairment. Any impairment losses are recognized in the Corporation's separate income statement.

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

### *3.9 Investments* (continued)

*3.9.5 Provision for diminution in value of investment*

Provision for impairment of investment is made with reference to Circular 228/2009/TT-BTC dated 07 December 2009 and Circular 89/2013/TT-BTC dated 28 June 2013 which provides the amendments and supplements to Circular 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 as per the formula given in the 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 228 issued by the Ministry of Finance ("MOF"). Given below is the formula to calculate the impairment provision for quoted securities:

| | | | | | | |
|---|---|---|---|---|---|---|
| Provision for impairment of individual stock | = | Quantity of security held at reporting date | x | Unit price of security in accounting book | - | Market price of security at reporting date |

Unlisted shares

For unlisted shares, the following methods were 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 specially tailored for shares of unlisted companies (UPCom), market value is the average trading price on the system on 31 December 2015.
- Market value of over-the-counter (OTC) shares is the average price announced 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.

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

### 3.9 *Investments* (continued)

*3.9.5 Provision for diminution in value of investment* (continued)

Equity investments in other entities

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

The level of provision for each financial investment to be set up shall be at most equal to the capital amount already invested and calculated according to the following formula as given in the Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance and Circular No. 89/2013/TT-BTC dated 28 June 2013:

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

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

### 3.10 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *3.11 Employee benefits*

*3.11.1 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 18% of employee basic salaries on a monthly basis. The Corporation has no further obligation concerning post-employment benefits for its employees other than this.

In addition, in accordance with internal policy No. 100/QĐ-HĐQT dated 1 August 2014 regulating post-employment benefits to the Corporation's employees, the Corporation also providing 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.

*3.11.2 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.

### *3.12 Technical reserves*

The technical reserves include (i) unearned premium reserve, (ii) claims reserve and (iii) catastrophe reserve. The reserving methodologies are based on Circular 125/2012/TT-BTC dated 30 July 2012 issued by the Ministry of Finance. Details of such reserving methodologies are as follows:

*(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 based on the formula in Circular 125/2012/TT-BTC issued by the Ministry of Finance on 30 July 2012.

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

### 3.12 *Technical reserves* (continued)

*(ii) Claims reserve* (continued)

The Corporation is calculating the reserve for incurred but not reported claims based on the following formula:

$$\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} = \frac{\text{Total indemnity for claims incurred but not reported at the end of the last three years}}{\text{Total indemnity for losses arising in the last three years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in claim intimation of current fiscal year}}{\text{Average delay in claim intimation of previous fiscal year}}$$

*(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 125/2012/TT-BTC dated 30 July 2012 issued by the Ministry of Finance.

On 28 December 2005, the Ministry of Finance issued Decision 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19-Insurance Contract. Following the issuance of this Standard, 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 46/2007/ND-CP issued by the Government of Vietnam on 27 March 2007 regarding financial regulations for insurance enterprises, the Corporation has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premiums for the year 2015.

### 3.13 *Transactions in foreign currencies*

The Corporation follows the guidance under Vietnamese Accounting Standard No. 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") and Circular 179/2012/TT-BTC dated on 24 October 2012 issued by the Ministry of Finance in relation to foreign currency transactions ("Circular 179") and Circular 200/2014/TT-BTC dated on 22 December 2014.

All exchange rate translation differences should be recorded in finance income (if profit) or finance expense (if loss) when incurred.

At the end of accounting period, monetary assets and liabilities denominated in foreign currencies are translated at exchange rate published by the bank with which the Corporation has frequent transactions ("BIDV"). All realised and unrealised foreign exchange differences are taken to the separate income statement.

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

### *3.14 Appropriation of net profits*

Net profit after tax is available for appropriation to investors/shareholders after approval by the appropriate level of authority 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 the Corporation's 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 Degree 46/2007/ND-CP dated 22 March 2007 by 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.

### *3.15 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 125/2012/TT/BTC issued by the Ministry of Finance on 30 July 2012 ("Circular 125") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches and Circular No. 194/2014/TT-BTC ("Circular 194), which amends and supplements a number of articles of the Circular No. 124/2012/TT-BTC dated 30 July 2012, and the Circular No. 125/2012/TT-BTC.

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 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.

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

### *3.15 Revenue recognition* (continued)

*(ii) Interest*

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

*(iii) Dividends*

Income is recognized when the Corporation's right to receive the cash dividend or the appropriated profit is established. Stock dividend and bonus shares received are not recognized 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.

### *3.16 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 124/2012/TT-BTC dated 30 July 2012 issued by Ministry of Finance. Commission expense is allocated and recognized in separate income statement for direct premiums earned during the period.

*(iii) General administrative expenses*

General and administrative expenses are recognized on accrual basis.

*(iv) 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.

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

### *3.17 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:

- Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements but for which the cedants have not sent their statement of accounts are estimated 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)

### *3.18 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.

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

### *3.18 Taxation* (continued)

*Deferred tax* (continued)

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.

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.

### *3.19 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 degrees 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 | 827,518,903 | 519,564,735 |
| Cash at banks | 37,864,491,485 | 41,699,708,393 |
| Cash in transit | 20,201,777,613 | 7,500,743,739 |
| Cash equivalents (*) | 176,000,000,000 | 95,500,000,000 |
| **Total** | **234,893,788,001** | **145,220,016,867** |

(*) Cash equivalents are bank deposits with original term of less than or equal to three (03) months with interest rate from 4% to 5.1%.

## 5. INVESTMENTS

| | *Notes* | *Ending Balance* *VND* | *Beginning Balance* *VND* |
|---|---|---|---|
| **Trading securities** | **5.1** | | |
| Listed shares | | 73,964,516,858 | 67,187,909,716 |
| Unlisted shares | | 2,465,143,000 | 5,438,143,000 |
| | | **76,429,659,858** | **72,626,052,716** |
| **Provision for trading securities** | | **(5,130,581,575)** | **(3,132,892,068)** |
| **Held-to-maturity investments** | **5.2** | | |
| Short-term | | 1,762,000,000,000 | 1,012,000,000,000 |
| - *Term deposits* | | *1,762,000,000,000* | *962,000,000,000* |
| - *Bonds* | | - | *50,000,000,000* |
| Long-term | | 440,939,500,000 | 80,000,000,000 |
| - *Term deposits* | | *207,500,000,000* | - |
| - *Bonds* | | *233,439,500,000* | *80,000,000,000* |
| | | **2,202,939,500,000** | **1,092,000,000,000** |
| **Other financial investments** | **5.3** | | |
| Investment in subsidiary | | 34,660,020,000 | 34,660,020,000 |
| Investments in other entities | | 125,946,505,000 | 126,090,000,000 |
| Provision for impairment of investments | | (16,755,601,931) | (16,557,847,837) |
| | | **143,850,923,069** | **144,192,172,163** |
| **Net value of investments** | | **2,418,089,501,352** | **1,305,685,332,811** |

## 5. INVESTMENTS (continued)

### 5.1 *Trading securities*

*Curency: VND*

| | *Ending Balance* | | | | *Beginning Balance* | | | |
|---|---|---|---|---|---|---|---|---|
| | *Quantity* | *Cost* | *Provision* | *Carrying value* | *Quantity* | *Cost* | *Provision* | *Carrying value* |
| **Listed shares** | **3,091,580** | **73,964,516,858** | **(4,968,581,575)** | **68,995,935,283** | **3,221,947** | **67,187,909,716** | **(2,970,892,068)** | **64,217,017,648** |
| VNR | 1,080,010 | 13,792,403,293 | - | 13,792,403,293 | 1,267,110 | 16,181,794,140 | - | 16,181,794,140 |
| HCM | - | - | - | - | 251,697 | 9,507,668,437 | (1,654,722,037) | 7,852,946,400 |
| FPT | 526,380 | 23,727,530,990 | - | 23,727,530,990 | 156,300 | 7,863,352,668 | (360,952,668) | 7,502,400,000 |
| REE | 203,500 | 5,836,629,577 | (708,429,577) | 5,128,200,000 | 159,500 | 4,604,834,660 | (106,934,652) | 4,497,900,008 |
| VCG | - | - | - | - | 257,700 | 3,700,923,070 | (479,673,070) | 3,221,250,000 |
| TCM | 433,660 | 15,620,388,497 | (2,263,660,497) | 13,356,728,000 | 242,950 | 7,999,727,978 | (225,327,978) | 7,774,400,000 |
| KBC | 641,230 | 9,997,123,045 | (1,597,010,045) | 8,400,113,000 | 601,000 | 9,329,852,100 | - | 9,329,852,100 |
| SSI | 206,800 | 4,990,441,456 | (399,481,456) | 4,590,960,000 | 285,690 | 7,999,756,663 | (143,281,663) | 7,856,475,000 |
| **Unlisted shares** | **275,449** | **2,465,143,000** | **(162,000,000)** | **2,303,143,000** | **371,849** | **5,438,143,000** | **(162,000,000)** | **5,276,143,000** |
| HDB | 235,449 | 1,648,143,000 | - | 1,648,143,000 | 235,449 | 1,648,143,000 | - | 1,648,143,000 |
| SABECO | - | - | - | - | 100,000 | 3,000,000,000 | - | 3,000,000,000 |
| VIDIFA | 18,000 | 477,000,000 | (162,000,000) | 315,000,000 | 14,400 | 450,000,000 | (162,000,000) | 288,000,000 |
| VTEC | 22,000 | 340,000,000 | - | 340,000,000 | 22,000 | 340,000,000 | - | 340,000,000 |
| | **3,367,029** | **76,429,659,858** | **(5,130,581,575)** | **71,299,078,283** | **3,593,796** | **72,626,052,716** | **(3,132,892,068)** | **69,493,160,648** |

## 5. INVESTMENTS (continued)

### 5.2 *Held-to-maturity investments*

*Curency: VND*

| | *Ending Balance* | | *Beginning Balance* | |
|---|---|---|---|---|
| | *Cost* | *Carrying value* | *Cost* | *Carrying value* |
| **Short-term** | | | | |
| Term deposits (*) | 1,762,000,000,000 | 1,762,000,000,000 | 962,000,000,000 | 962,000,000,000 |
| Bonds (***) | - | - | 50,000,000,000 | 50,000,000,000 |
| | **1,762,000,000,000** | **1,762,000,000,000** | **1,012,000,000,000** | **1,012,000,000,000** |
| **Long-term** | | | | |
| Term deposits (**) | 207,500,000,000 | 207,500,000,000 | - | - |
| Bonds (***) | 233,439,500,000 | 233,439,500,000 | 80,000,000,000 | 80,000,000,000 |
| | **440,939,500,000** | **440,939,500,000** | **80,000,000,000** | **80,000,000,000** |
| | **2,202,939,500,000** | **2,202,939,500,000** | **1,092,000,000,000** | **1,092,000,000,000** |

(*) Short-term deposits in VND with annual interest rate ranging from 4.8% to 7% have original term of more than three (03) months and will mature in one year.

(**) Long-term deposits in VND with annual interest rate ranging from 6.4% to 6.9% have original term of more than one (01) year.

(***) They are guaranteed corporate bond and bonds issued by bank which have annual interest rates ranging from 8.3% to 11% and terms of 2 to 5 years.

## 5. INVESTMENTS (continued)

### 5.3 *Long-term investments*

*Curency: VND*

| | *Ending Balance* | | | | *Beginning Balance* | | | |
|---|---|---|---|---|---|---|---|---|
| | *% owner -ship* | *Cost* | *Provision* | *Fair value* | *% owner-ship* | *Cost* | *Provision* | *Fair value* |
| **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 | 4.22% | 25,946,505,000 | (16,755,601,931) | 9,190,903,069 | 4.24% | 26,090,000,000 | (16,557,847,837) | 9,532,152,163 |
| - BIDV Metlife Life Insurance Company | 5% | 50,000,000,000 | - | 50,000,000,000 | 5% | 50,000,000,000 | - | 50,000,000,000 |
| - Vinaconex – Viettel Financing Joint Stock Company | 5% | 50,000,000,000 | - | 50,000,000,000 | 5% | 50,000,000,000 | - | 50,000,000,000 |
| | | **125,946,505,000** | **(16,755,601,931)** | **109,190,903,069** | | **126,090,000,000** | **(16,557,847,837)** | **109,532,152,163** |
| | | **160,606,525,000** | **(16,755,601,931)** | **143,850,923,069** | | **160,750,020,000** | **(16,557,847,837)** | **144,192,172,163** |

## 6. SHORT-TERM RECEIVABLES

| | *Ending Balance* | *Beginning Balance* |
|---|---|---|
| | *VND* | *VND* |
| **Insurance receivables** | | |
| Gross written premium receivables | 71,619,655,785 | 78,094,202,649 |
| Reinsurance assumed receivables | 113,202,884,103 | 60,482,194,155 |
| Reinsurance ceded receivables | 102,701,388,551 | 121,540,133,143 |
| Other receivables from insurance activities | 299,739,409 | 136,987,365 |
| Receivables from co-insurers | 6,247,258,024 | 6,511,554,353 |
| *Of which:* | | |
| *- Petrolimex Insurance Corporation* | *2,394,142,043* | - |
| *- Military Insurance Corporation* | *799,891,326* | - |
| *- Xuan Thanh Insurance Joint Stock Corporation* | *623,733,940* | - |
| | **294,070,925,872** | **266,765,071,665** |
| **Short-term advances to suppliers** | **1,551,758,776** | **1,854,102,733** |
| **Other receivables** | | |
| Dividend receivables | - | 89,676,000 |
| Bank deposit interest receivables | 43,730,079,158 | 41,526,888,886 |
| Bond coupon receivables | 8,857,153,729 | 4,776,917,808 |
| Advances (*) | 2,996,694,839 | 4,318,902,281 |
| Office rental deposit | 675,800,000 | 580,800,000 |
| Short-term mortgages, deposits | 1,749,072,083 | 1,780,395,293 |
| Other receivables | 3,851,084,265 | 4,943,670,520 |
| | **61,859,884,074** | **58,017,250,788** |
| **Total receivables** | **357,482,568,722** | **326,636,425,186** |
| Provision for doubtful debts | (14,306,851,001) | (19,758,882,301) |
| **Net receivables** | **343,175,717,721** | **306,877,542,885** |

(*) Advances to employees of the Corporation for business trip, underwriting and other advances to support business operation.

## 7. UN-ALLOCATED COMMISSION EXPENSES

| | *Ending Balance* | *Beginning Balance* |
|---|---|---|
| | *VND* | *VND* |
| **Opening balance** | **42,565,932,167** | - |
| Commission paid during the year | 88,896,395,014 | 79,079,171,334 |
| Allocated to expenses during the year | (76,587,471,334) | (36,513,239,167) |
| **Closing balance** | **54,874,855,847** | **42,565,932,167** |

## 8. STATUTORY DEPOSIT

The Corporation has to maintain statutory deposit at 2% of its legal capital, equivalent to VND 6,000,000,000, as required in Point 1 - Article 4 of Decree No. 46/2007/ND-CP dated 22 March 2007.

## 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 | 2,799,098,436 | 34,897,997,205 | 52,727,273 | 230,309,854 | 40,280,132,768 |
| Additions | - | 398,916,546 | 11,426,551,818 | 71,680,000 | 165,694,273 | 12,062,842,637 |
| *Newly purchased* | - | *398,916,546* | *11,426,551,818* | *71,680,000* | *165,694,273* | *12,062,842,637* |
| *Other increase* | - | - | - | - | - | - |
| Ending Balance | 2,300,000,000 | 3,198,014,982 | 46,324,549,023 | 124,407,273 | 396,004,127 | 52,342,975,405 |
| **Accumulated depreciation:** | | | | | | |
| Beginning Balance | (260,666,678) | (2,219,141,601) | (23,456,415,165) | (5,888,155) | (126,427,444) | (26,068,539,043) |
| Increase | (92,000,004) | (270,392,263) | (3,242,915,788) | (30,220,574) | (89,767,123) | (3,725,295,752) |
| *Depreciation for the year* | *(92,000,004)* | *(270,392,263)* | *(3,242,915,788)* | *(30,220,574)* | *(89,767,123)* | *(3,725,295,752)* |
| Ending Balance | (352,666,682) | (2,489,533,864) | (26,699,330,953) | (36,108,729) | (216,194,567) | (29,793,834,795) |
| **Net book value:** | | | | | | |
| Beginning Balance | 2,039,333,322 | 579,956,835 | 11,441,582,040 | 46,839,118 | 103,882,410 | 14,211,593,725 |
| Ending Balance | 1,947,333,318 | 708,481,118 | 19,625,218,070 | 88,298,544 | 179,809,560 | 22,549,140,610 |

## 10. INTANGIBLE ASSETS

| | *Computer software* *VND* | *Other intangible assets* | *Land use right* *VND* | *Total* *VND* |
|---|---|---|---|---|
| **Costs:** | | | | |
| Beginning Balance | 106,599,125 | - | 6,500,000,000 | 6,606,599,125 |
| Increase | 63,000,000 | 70,000,000 | - | 133,000,000 |
| Ending Balance | 169,599,125 | 70,000,000 | 6,500,000,000 | 6,739,599,125 |
| **Accumulated amortisation:** | | | | |
| Beginning Balance | (69,886,169) | - | - | (69,886,169) |
| Increase | (38,715,059) | (12,703,701) | - | (51,418,760) |
| Ending Balance | (108,601,228) | (12,703,701) | - | (121,304,929) |
| **Net book value:** | | | | |
| Beginning Balance | 36,712,956 | - | 6,500,000,000 | 6,536,712,956 |
| Ending Balance | 60,997,897 | 57,296,299 | 6,500,000,000 | 6,618,294,196 |

## 11. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses are assets reclassified as required in Circular 45/2013/TT-BTC, office maintenance expenses, tools and consumables which can be used in more than 1 year.

## 12. TRADE PAYABLES

| | *Ending Balance* *VND* | *Beginning Balance* *VND* |
|---|---|---|
| **Insurance activities** | **260,036,147,418** | **271,999,981,428** |
| Payables for ceded activities | 210,402,477,125 | 225,935,095,075 |
| Payables to co-insurers | 4,118,425,925 | 5,784,551,571 |
| *Of which:* | | |
| *- PVI Insurance Corporation* | *626,033,948* | - |
| *- Vietinbank Insurance* | *795,974,479* | - |
| *- Military Insurance Corporation* | *661,159,526* | - |
| *- Post and Telecommunication Joint Stock Insurance Corporation* | *515,441,903* | - |
| Claim payables | 19,552,044,087 | 10,073,891,721 |
| Commission payables | 10,598,565,678 | 13,527,377,768 |
| XOL payables | 15,304,634,603 | 16,663,426,845 |
| Other insurance payables | 60,000,000 | 15,638,448 |
| **Other trade payables** | **206,724,063** | **18,582,817** |
| Other payables | 206,724,063 | 18,582,817 |
| | **260,242,871,481** | **272,018,564,245** |

## 13. TAXES AND OTHER STATUTORY OBLIGATIONS

| | *Beginning Balance* | *Movement during the year* | | *Ending Balance* |
|---|---|---|---|---|
| | | *Payables* | *Paid* | |
| | *VND* | *VND* | *VND* | *VND* |
| Value added tax | 8,205,372,495 | 64,096,018,321 | (66,337,864,317) | 5,963,526,499 |
| Corporate income tax | 11,818,090,386 | 17,188,034,167 | (25,173,329,488) | 3,832,795,065 |
| Other taxes | 6,598,395,629 | 9,577,335,464 | (12,750,615,033) | 3,425,116,060 |
| **Total** | **26,621,858,510** | **90,861,387,952** | **(104,261,808,838)** | **13,221,437,624** |

## 14. SHORT-TERM ACCRUED EXPENSES

| | *Ending Balance* | *Beginning Balance* |
|---|---|---|
| | *VND* | *VND* |
| Compulsory civil liability fund | 967,853,068 | 829,535,849 |
| Policy holder protection fund | 2,593,523,252 | 1,994,971,439 |
| Compulsory fire and miscellaneous fund | 907,032,135 | 466,421,912 |
| Other accrued expenses | 9,789,563,642 | 11,013,781,099 |
| **Total** | **14,257,972,097** | **14,304,710,299** |

## 15. UN-EARNED COMMISSION REVENUE

Unearned commission revenue is the deferred commission on reinsurance ceded in accordance with Circular 232/2012/TT-BTC issued by Ministry of Finance.

| | *Ending Balance* | *Beginning Balance* |
|---|---|---|
| | *VND* | *VND* |
| **Opening balance** | **42,201,089,205** | - |
| Increased during the year | 97,721,172,972 | 76,048,901,458 |
| Allocated during the year | (72,767,114,814) | (33,847,812,253) |
| **Closing balance** | **67,155,147,363** | **42,201,089,205** |

## 16. OTHER PAYABLES

| | *Ending Balance* | *Beginning Balance* |
|---|---|---|
| | *VND* | *VND* |
| **Other short-term payables** | **28,947,438,009** | **11,702,220,027** |
| Salary unrelated payables | 150,278,937 | 468,952,905 |
| Short-term deposits | 22,588,171,437 | 2,754,576,068 |
| Charity funds | 54,822,292 | 275,984,859 |
| Other payables | 6,154,165,343 | 8,202,706,195 |
| **Other long-term payables** | **2,730,570,343** | **2,554,754,614** |
| Mortgage, deposit received | 2,730,570,343 | 2,554,754,614 |
| **Total** | **31,678,008,352** | **14,256,974,641** |

## 17. TECHNICAL RESERVES

### *17.1. Unearned premium reserve and claim reserve*

*Currency: VND*

| | *Reserve for direct insurance and inward reinsurance* | *Reserve for outward reinsurance* | *Net reserve* |
|---|---|---|---|
| **1 January 2015** | | | |
| Unearned premium reserve | 569,832,186,917 | (214,312,202,132) | 355,519,984,785 |
| Claim reserve | 454,224,711,072 | (343,373,625,591) | 110,851,085,481 |
| | **1,024,056,897,989** | **(557,685,827,723)** | **466,371,070,266** |
| **31 December 2015** | | | |
| Unearned premium reserve | 759,915,619,653 | (277,659,988,399) | 482,255,631,254 |
| Claim reserve | 470,722,803,331 | (324,845,010,547) | 145,877,792,784 |
| | **1,230,638,422,984** | **(602,504,998,946)** | **628,133,424,038** |

*17.1.1 Unearned premium reserve*

*Gross unearned premium reserve*

| *Product* | *Ending Balance VND* | *Beginning Balance VND* |
|---|---|---|
| Health and Personal Accident | 104,013,604,120 | 72,135,932,604 |
| Property and Damages | 277,676,794,734 | 220,198,548,253 |
| Cargo | 16,889,280,674 | 6,049,082,720 |
| Automobile | 252,878,899,025 | 188,321,509,768 |
| Fire | 73,597,723,500 | 59,960,054,386 |
| Liability | 5,526,498,079 | 5,242,212,597 |
| Business Risk | 2,349,840,226 | 3,468,036,883 |
| Aviation | 1,010,431,508 | 1,339,469,250 |
| Hull and P&I | 18,240,427,917 | 10,453,933,859 |
| Financial and credit risk | 3,214,491,115 | 2,303,016,020 |
| Agriculture | 4,517,628,755 | 360,390,577 |
| **Total** | **759,915,619,653** | **569,832,186,917** |

*Ceded unearned premium reserve (Reinsurance assets)*

| *Product* | *Ending Balance VND* | *Beginning Balance VND* |
|---|---|---|
| Health and Personal Accident | 468,063,790 | 234,187,245 |
| Property and Damages | 202,134,969,094 | 159,364,635,176 |
| Cargo | 12,957,589,355 | 4,079,162,521 |
| Automobile | 889,935,347 | 441,770,819 |
| Fire | 37,069,819,285 | 33,685,141,507 |
| Liability | 3,590,774,950 | 3,682,681,018 |
| Business Risk | 2,150,863,377 | 3,257,773,694 |
| Aviation | 720,702,925 | 694,436,663 |
| Hull and P&I | 12,663,567,247 | 7,066,748,986 |
| Financial and credit risk | 1,436,779,107 | 1,463,293,455 |
| Agriculture | 3,576,923,922 | 342,371,048 |
| **Total** | **277,659,988,399** | **214,312,202,132** |

## 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 | 10,699,955,971 | 3,867,039,544 |
| Property and Damages | 216,009,669,549 | 168,685,162,100 |
| Cargo | 20,208,992,117 | 28,732,030,489 |
| Automobile | 38,865,056,476 | 27,645,333,087 |
| Fire | 87,936,823,724 | 57,018,863,802 |
| Liability | 2,116,903,773 | 1,485,697,214 |
| Business Risk | - | 21,085,000 |
| Aviation | 14,403,162,782 | 13,272,763,519 |
| Hull and P&I | 40,215,525,301 | 119,359,829,197 |
| Financial and credit risk | 40,083,044,479 | 33,759,520,013 |
| Agriculture | 183,669,159 | 377,387,107 |
| **Total** | **470,722,803,331** | **454,224,711,072** |

*Ceded reinsurance claim reserve (Reinsurance assets)*

| *Product* | *Ending Balance VND* | *Beginning Balance VND* |
|---|---|---|
| Health and Personal Accident | 1,453,937 | - |
| Property and Damages | 165,310,219,139 | 135,748,396,262 |
| Cargo | 14,349,734,483 | 21,463,566,414 |
| Automobile | - | 5,998,019 |
| Fire | 68,219,089,884 | 27,120,163,084 |
| Liability | 418,634,670 | 1,080,773,645 |
| Business Risk | - | 20,218,195 |
| Aviation | 13,390,749,831 | 12,347,572,195 |
| Hull and P&I | 29,910,882,603 | 112,816,347,566 |
| Financial and credit risk | 33,244,246,000 | 32,770,590,211 |
| **Total** | **324,845,010,547** | **343,373,625,591** |

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 2015. Such reserves amounted to VND 445,323,693,660 as at 31 December 2015, in which, the amount recoverable from reinsurers relating to these outstanding claims was VND 324,845,010,547.
2. Reserves for claims incurred but not reported as at 31 December 2015, amounted to VND 25,399,109,671. The increase in claim reserve of VND 15,255,012,209 was charged to the separate income statement.

## 17. TECHNICAL RESERVES (continued)

### *17.2. Catastrophe reserve*

| | *Ending Balance* *VND* | *Beginning Balance* *VND* |
|---|---|---|
| **Opening balance** | **73,456,095,413** | **66,290,636,865** |
| Increased during the year | 9,484,097,382 | 7,165,458,548 |
| Used during the year | (11,112,024,949) | - |
| **Closing balance** | **71,828,167,846** | **73,456,095,413** |

## 18. OWNERS' EQUITY

| | *Charter capital* | *Share premium* | *Investment and development fund* | *Statutory reserve* | *Retained earnings* | *Total* |
|---|---|---|---|---|---|---|
| | *VND* | *VND* | *VND* | *VND* | *VND* | *VND* |
| **Balance at 1 January 2014** | **660,000,000,000** | **4,875,765,330** | **1,800,187,891** | **13,311,197,165** | **97,960,538,309** | **777,947,688,695** |
| Increase in capital | 102,299,820,000 | - | - | - | - | 102,299,820,000 |
| Profit for the year | - | - | - | - | 87,584,426,616 | 87,584,426,616 |
| Other increases | - | - | - | - | 1,254,106,347 | 1,254,106,347 |
| Other decreases | | | | 4,341,323,857 | (94,578,144,856) | (90,236,820,999) |
| *In which:* | | | | | | |
| - *Appropriation to statutory reserves* | - | - | - | *4,341,323,857* | *(4,341,323,857)* | - |
| - *Appropriation to Bonus and Welfare funds* | - | - | - | - | *(13,000,000,000)* | *(13,000,000,000)* |
| - *Dividend payment* | - | - | - | - | *(69,299,820,000)* | *(69,299,820,000)* |
| - *Adjustments for under accrual of prior years' CIT and other taxes* | - | - | - | - | *(793,7001,000)* | *(793,7001,000)* |
| **Balance at 31 December 2014** | **762,299,820,000** | **4,875,765,330** | **1,800,187,891** | **17,652,521,022** | **92,220,926,416** | **878,849,220,659** |
| **Balance at 1 January 2015** | **762,299,820,000** | **4,875,765,330** | **1,800,187,891** | **17,652,521,022** | **92,220,926,416** | **878,849,220,659** |
| Increase in capital | 410,469,130,000 | 650,689,268,032 | - | - | - | 1,061,158,398,032 |
| Profit for the year | - | - | - | - | 93,155,362,939 | 93,155,362,939 |
| Other increase | - | - | - | - | 958,255,472 | 958,255,472 |
| Other decrease | - | - | - | 4,657,768,147 | (93,887,750,147) | (89,229,982,000) |
| - *Appropriation to statutory reserves* | - | - | - | *4,657,768,147* | *(4,657,768,147)* | - |
| - *Appropriation to Bonus and Welfare funds* | - | - | - | - | *(13,000,000,000)* | *(13,000,000,000)* |
| - *Dividend payment* | - | - | - | - | *(76,229,982,000)* | *(76,229,982,000)* |
| **Balance at 31 December 2015** | **1,172,768,950,000** | **655,565,033,362** | **1,800,187,891** | **22,310,289,169** | **92,446,794,680** | **1,944,891,255,102** |

## 18. OWNERS' EQUITY (continued)

### *18.1. Contributed capital*

| | *Current year* *VND* | *Previous year* *VND* |
|---|---|---|
| Contributed by parent company | 597,492,590,000 | 597,492,590,000 |
| Contributed by Strategic investor | 410,469,130,000 | - |
| Contributed by other shareholders | 164,807,230,000 | 164,807,230,000 |
| **Total** | **1,172,768,950,000** | **762,299,820,000** |

### *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 | 762,299,820,000 | 660,000,000,000 |
| Increase in contributed capital | 410,469,130,000 | 102,299,820,000 |
| **Contributed capital at the end of the year** | **1,172,768,950,000** | **762,299,820,000** |
| **Dividends** | **(76,229,982,000)** | **(69,299,820,000)** |

### *18.3. Shares*

| | *Current year* *VND* | *Previous year* *VND* |
|---|---|---|
| **Authorized shares** | **117,276,895** | **76,229,982** |
| **Issued shares** | **117,276,895** | **76,229,982** |
| Ordinary shares | 117,276,895 | 76,229,982 |
| Preferrence shares | - | - |
| **Treasury shares** | - | - |
| Ordinary shares | - | - |
| Preferrence shares | - | - |
| **Outstanding shares** | **117,276,895** | **76,229,982** |
| Ordinary shares | 117,276,895 | 76,229,982 |
| Preferrence shares | - | - |
| **Total** | **117,276,895** | **76,229,982** |

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

## 19. INSURANCE REVENUE

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Direct written premiums | 1,281,700,341,758 | 992,799,770,138 |
| Deductions from direct premiums | (1,057,325,536) | (754,636,599) |
| Reinsurance premium assumed | 198,132,082,049 | 126,083,895,549 |
| Increase in un-earned premium reserve | (190,083,432,736) | (113,074,525,920) |
| **Total** | **1,288,691,665,535** | **1,005,054,503,168** |

### *19.1 Direct written premiums*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 154,930,798,342 | 117,682,093,534 |
| Property and Damages | 264,074,415,079 | 240,237,231,781 |
| Cargo | 123,530,609,959 | 76,983,685,135 |
| Automobile | 476,698,208,231 | 360,864,482,779 |
| Fire | 156,788,215,146 | 123,724,523,020 |
| Liability | 6,403,419,706 | 6,010,046,704 |
| Business Risk | 7,109,355,727 | 6,261,347,675 |
| Aviation | 429,553,250 | 6,257,851,784 |
| Hull and P&I | 69,313,487,579 | 45,637,589,817 |
| Financial and credit risk | 13,724,249,064 | 7,962,265,990 |
| Agriculture | 7,640,704,139 | 424,015,320 |
| **Total** | **1,280,643,016,222** | **992,045,133,539** |

### *19.2 Reinsurance premiums assumed*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 32,828,339,696 | 817,634,753 |
| Property and Damages | 132,028,173,214 | 97,010,941,945 |
| Cargo | 6,995,307,465 | 4,534,697,430 |
| Automobile | 1,511,617,551 | 824,384,008 |
| Fire | 17,835,404,500 | 10,957,808,911 |
| Liability | 501,014,180 | 692,601,917 |
| Business Risk | 2,324,927,241 | 5,814,965,562 |
| Aviation | 4,220,826,820 | 4,229,825,429 |
| Hull and P&I | (127,305,635) | 470,003,567 |
| Financial and credit risk | - | - |
| Agriculture | 13,777,017 | 731,032,027 |
| **Total** | **198,132,082,049** | **126,083,895,549** |

## 20. REINSURANCE PREMIUM CEDED

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Reinsurance premium ceded | 530,365,360,039 | 401,688,553,748 |
| Increase in ceded unearned premium reserve | (63,347,786,267) | (26,368,898,288) |
| **Total** | **467,017,573,772** | **375,319,655,460** |

### *20.1 Reinsurance premium ceded*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 1,435,851,998 | 574,092,324 |
| Property and Damages | 250,861,432,497 | 200,437,502,351 |
| Cargo | 94,089,685,887 | 54,751,093,742 |
| Automobile | 1,851,974,193 | 1,415,974,352 |
| Fire | 98,925,812,052 | 81,410,395,001 |
| Liability | 3,244,059,034 | 3,793,215,362 |
| Business Risk | 8,328,829,113 | 10,914,364,004 |
| Aviation | 3,034,870,028 | 8,166,845,356 |
| Hull and P&I | 53,131,161,107 | 33,825,992,012 |
| Financial and credit risk | 9,378,859,821 | 5,996,264,690 |
| Agriculture | 6,082,824,309 | 402,814,554 |
| **Total** | **530,365,360,039** | **401,688,553,748** |

## 21. COMMISSION ON REINSURANCE CEDED

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Reinsurance ceded commission | 110,968,208,928 | 67,201,214,743 |
| Deductions on commission (Commission return/reduction) | (238,907,818) | (160,091,815) |
| **Total** | **110,729,301,110** | **67,041,122,928** |

### *21.1 Commission on reinsurance ceded*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 416,576,422 | 118,005,924 |
| Property and Damages | 46,725,988,531 | 30,046,007,389 |
| Cargo | 22,594,983,386 | 14,428,699,314 |
| Automobile | 462,346,296 | 307,568,508 |
| Fire | 29,069,569,397 | 13,858,207,766 |
| Liability | 737,441,590 | 543,227,826 |
| Business Risk | 2,077,686,923 | 2,140,773,045 |
| Aviation | 596,572,031 | 441,641,631 |
| Hull and P&I | 6,737,880,249 | 4,648,558,727 |
| Financial and credit risk | 1,144,953,544 | 500,643,178 |
| Agriculture | 165,302,741 | 7,789,620 |
| **Total** | **110,729,301,110** | **67,041,122,928** |

## 22. NET CLAIM EXPENSES

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Claim expenses | 468,165,350,277 | 342,644,929,219 |
| - *Direct claim expenses* | *443,808,824,662* | *307,616,093,398* |
| - *Used from catastrophe reserve* | *(11,112,024,949)* | - |
| - *Claim expense on reinsurance assumed* | *35,468,550,564* | *35,028,835,821* |
| Salvage and sub-rogation | (4,733,681,537) | (822,961,543) |
| Recovery from reinsurance ceded | (153,883,717,486) | (108,261,964,428) |
| Increase in gross claim reserve | 70,636,297,278 | 127,988,042,754 |
| Increase in ceded reinsurance claim reserve | (35,604,281,975) | (123,953,986,544) |
| **Total** | **344,579,966,557** | **237,594,059,458** |

### *22.1 Direct claim expenses*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 57,295,474,403 | 32,191,999,097 |
| Property and Damages | 63,287,813,767 | 48,581,059,571 |
| Cargo | 54,282,499,318 | 24,727,656,248 |
| Automobile | 192,299,853,130 | 135,107,844,093 |
| Fire | 40,018,032,915 | 37,606,904,151 |
| Liability | 374,653,862 | 1,238,021,626 |
| Business risk | 5,419,830 | 63,494,531 |
| Aviation | - | 3,393,520,859 |
| Hull and P&I | 32,935,697,424 | 24,705,593,222 |
| Financial and credit risk | 3,309,380,013 | - |
| **Total** | **443,808,824,662** | **307,616,093,398** |

### *22.2 Claim expense on reinsurance assumed*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 9,687,560 | 12,175,833 |
| Property and Damages | 31,802,646,043 | 28,500,297,592 |
| Cargo | 1,991,330,646 | 2,207,955,176 |
| Automobile | 213,729,525 | 1,024,820,359 |
| Fire | 1,095,409,938 | 59,317,137 |
| Liability | (7,959,761) | 15,476,390 |
| Business risk | - | - |
| Aviation | 163,132,507 | 923,750,421 |
| Hull and P&I | 6,856,158 | 876,600 |
| Financial and credit risk | - | - |
| Agriculture | 193,717,948 | ,284,166,313 |
| **Total** | **35,468,550,564** | **35,028,835,821** |

## 22. CLAIM EXPENSES (continued)

### 22.3 *Recoveries from reinsurance ceded*

| *Product* | *Current year* VND | *Previous year* VND |
|---|---|---|
| Health and Personal Accident | 86,480,735 | 111,165,963 |
| Property and Damages | 60,215,483,472 | 47,427,075,025 |
| Cargo | 44,262,663,235 | 18,852,949,405 |
| Automobile | 185,220,860 | 315,579,057 |
| Fire | 23,015,730,635 | 20,403,077,121 |
| Liability | 134,737,596 | 993,639,030 |
| Business risk | 5,197,263 | - |
| Aviation | 46,190,404 | 3,627,739,611 |
| Hull and P&I | 24,069,472,875 | 16,530,739,216 |
| Financial and credit risk | 1,862,540,411 | - |
| **Total** | **153,883,717,486** | **108,261,964,428** |

## 23. OTHER OPERATING EXPENSES

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Commission | 121,055,711,023 | 65,685,201,176 |
| Insurance risk assessment expenses | 114,557,375 | 686,940,135 |
| Agent management activities | 16,436,039,266 | 14,736,126,554 |
| Loss prevention | 2,018,340,841 | 1,830,707,682 |
| Statutory contributions | 4,567,689,449 | 2,783,276,228 |
| Other expenses (*) | 248,112,581,513 | 175,913,041,067 |
| **Total** | **392,304,919,467** | **261,635,292,842** |

(*) Other expenses include the expenses related to underwriting activities such as salary paid for underwriting personnel, marketing expense, ect

## 24. FINANCE INCOME

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Interest income from deposits at banks | 88,484,226,007 | 78,573,656,468 |
| Interest income from bonds | 16,173,985,921 | 16,409,056,557 |
| Dividend income | 6,317,616,700 | 4,798,277,862 |
| Gain from exchange rate difference | 7,790,249,514 | 12,228,817,523 |
| Gain from security trading | 15,147,288,131 | 22,343,383,568 |
| Other financial incomes | - | 64,355,226 |
| **Total** | **133,913,366,273** | **134,417,547,204** |

## 25. FINANCE EXPENSES

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Interest expense | 125,341,702 | 607,809 |
| Security trading expense | 182,141,880 | 352,606,115 |
| Loss on security trading | 3,584,404,859 | 5,396,060,506 |
| Loss on exchange rate difference | 9,672,185,139 | 16,279,560,502 |
| Provisions for diminution in value of investments | 2,195,443,601 | 2,517,937,944 |
| Other financial expenses | 289,877,727 | 35,977,421 |
| **Total** | **16,049,394,908** | **24,582,750,297** |

## 26. GENERAL AND ADMINISTRATIVE EXPENSES

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Employee expense | 113,259,782,928 | 102,458,949,624 |
| Material expense | 9,586,042,535 | 7,849,617,003 |
| Tool and equipment expense | 5,864,015,395 | 7,956,705,005 |
| Depreciation expense | 3,776,714,014 | 3,075,028,994 |
| Tax, fee, and charge | 4,322,202,512 | 4,013,708,528 |
| Expense for external services | 82,063,238,681 | 76,457,445,928 |
| Provision/(Reversal of provision) for doubtful debts | (5,452,031,300) | 4,845,810,531 |
| Other expenses | 6,056,355,609 | 3,305,250,147 |
| **Total** | **219,476,320,374** | **209,962,515,760** |

## 27. OTHER INCOME

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Income from disposal tools and equipment | 22,970,908 | 13,332,273 |
| Income from expired obligations | 2,480,856,794 | - |
| Other income | 797,448,357 | 1,497,948,481 |
| **Total** | **3,301,276,059** | **1,511,280,754** |

## 28. OTHER EXPENSES

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| Administrative penalty | 269,923,172 | 2,251,220,410 |
| Other expenses | 618,539,611 | 1,191,916,343 |
| **Total** | **888,462,783** | **3,443,136,753** |

## 29. CORPORATE INCOME TAX

The Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 22% of its taxable profits.

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.

### *29.1 Corporate Income Tax Expense*

| | *Current year* VND | *Previous year* VND |
|---|---|---|
| **Current income tax expense** | | |
| CIT tax expenses on current year profit | 17,328,081,366 | 23,922,654,508 |
| Total current income tax expenses | 17,328,081,366 | 23,922,654,508 |
| **Deferred income tax income** | | |
| Deferred tax on temporary taxable income | 5,403,230,281 | 490,291,518 |
| Total deferred tax expenses | 5,403,230,281 | 490,291,518 |
| **Corporate Income tax expense** | **22,731,311,647** | **24,412,946,026** |

## 29. CORPORATE INCOME TAX (continued)

### *29.2 Current Corporate Income Tax*

The current corporate income tax payable is determined based on taxable income for the year. 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.

The reconciliation between accounting profit and taxable profit is presented below:

| | *Current year* *VND* | *Previous year* *VND* |
|---|---|---|
| **Profit before Corporate income tax** | **115,886,674,586** | **111,997,372,642** |
| **Adjustments to increase** | **10,114,444,084** | **10,754,477,501** |
| Non-deductible expenses | 7,250,997,660 | 6,452,047,901 |
| Penalty for late payment of tax | 269,923,172 | 2,307,458,161 |
| Accrual of policy holder protection fund | 2,593,523,252 | 1,994,971,439 |
| **Adjustments to decrease** | **(51,518,997,907)** | **(14,012,511,471)** |
| Tax exempt dividend income | (6,317,616,700) | (5,503,277,862) |
| Policy holder protection fund of previous year | (1,994,971,439) | (1,675,081,658) |
| Credit rating expenses of 2013 | - | (882,683,333) |
| Tax paid profit | (15,826,867,403) | - |
| Assumed reinsurance estimation | (27,373,756,921) | (5,951,468,618) |
| Other decreases | (5,785,444) | - |
| **Estimated current taxable profit** | **74,482,120,763** | **108,739,338,672** |
| Estimated Current Corporate Income Tax expense | 16,386,066,568 | (26,268,355,967) |
| Adjustment of prior years' CIT | 942,014,798 | 23,922,654,508 |
| **Current Corporate Income Tax** | **17,328,081,366** | **23,922,654,508** |
| Corporate Income Tax payables at beginning of the year | 11,818,090,386 | 6,232,158,623 |
| Adjustment under accrual of prior years' CIT payables | (140,047,199) | 7,931,633,222 |
| Corporate Income Tax paid during the year | (25,173,329,488) | (26,268,355,967) |
| **Corporate Income Tax payable at the end of the year** | **3,832,795,065** | **11,818,090,386** |

## 30. TRANSACTIONS WITH RELATED PARTIES

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

| *Company* | *Relationship* | *Transaction* | *Current year* | *Previous year* |
|---|---|---|---|---|
| | | | *VND* | *VND* |
| Joint Stock Commercial Bank of Investment and Development of Vietnam (BIDV) | Parent | Gross written premiums | 123,320,428,431 | 75,825,693,839 |
| | | Claim expense | (2,919,738,369) | (3,651,439,615) |
| | | Commission expense | (7,806,451,506) | (8,457,146,532) |
| | | Interest income from term deposit | 50,467,443,824 | 39,824,208,383 |
| | | Office rental expense | (12,766,852,558) | (11,501,352,949) |
| | | Bank transfer expense | (2,072,932,649) | (1,332,938,858) |
| BIDV Leasing Company | Affiliate | Gross written premiums | 271,514,729 | 596,414,549 |
| | | Claim expense | (92,706,135) | (137,864,027) |
| BIDV Securities Company | Affiliate | Gross written premiums | 71,520,450 | 30,467,051 |
| The Bank of Investment and Development of Cambodia (BIDC) | Affiliate | Gross written premiums | 334,488,069 | 211,695,461 |
| | | Interest income from term deposit | 5,674,106,914 | 3,506,550,000 |
| | | Claim expense | (28,645,905) | (234,658,600) |
| BIDV Union Company | Affiliate | Gross written premiums | 1,099,122,539 | 1,817,440,776 |
| | | Claim expense | (722,313,500) | (568,676,600) |
| Lao Viet Insurance Company | Subsidiary | Assumed reinsurance premium | 62,124,891,040 | 37,071,245,024 |
| | | Commission from reinsurance assumed | (12,118,627,678) | (7,081,805,924) |
| | | Claim expense from reinsurance assumed | (6,701,499,728) | (3,807,708,454) |

## 30. TRANSACTIONS WITH RELATED PARTIES (continued)

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

| *Related company* | *Relationship* | *Description* | *Ending Balance* | *Beginning Balance* |
|---|---|---|---|---|
| | | | *VND* | *VND* |
| Joint stock Commercial Bank of Investment and Development of Vietnam (BIDV) | Parent | Current account | 21,032,264,481 | 40,027,824,600 |
| | | Term deposits | 1,705,500,000,000 | 440,500,000,000 |
| | | Interest from term deposits | 31,668,129,159 | 14,747,526,386 |
| | | Premium receivables | 532,590,969 | 1,266,020,456 |
| | | Commission payables | (1,404,208,351) | (1,606,985,878) |
| | | Compulsory deposit at BIDV | 6,000,000,000 | 6,000,000,000 |
| | | Deposits in blocked account | 1,377,890,271 | 1,281,225,185 |
| BIDV Leasing Company | Affiliate | Premium receivables | 132,336,739 | 118,937,927 |
| | | Commission payables | (12,417,605) | (60,398,942) |
| The Bank of Investment and Development of Cambodia (BIDC) | Affiliate | Term Deposits | 76,000,000,000 | 36,000,000,000 |
| | | Interest from term deposits | 4,046,194,444 | 1,584,722,222 |
| | | Commission payables | (1,780,250) | (15,266,650) |
| Lao Viet Insurance Company | Subsidiary | Assumed commission payables | 37,358,768,706 | 8,921,862,197 |
| | | Claim payables for reinsurance assumed | (5,493,336,829) | (8,380,101,674) |
| | | Claim reserve for reinsurance assumed | (16,258,784,443) | (22,764,371,779) |

## 30. TRANSACTIONS WITH RELATED PARTIES (continued)

*Remuneration to members of Board of Directors*

| | *Current year* *VND* | *Previous year* *VND* |
|---|---|---|
| Remuneration | 538,000,000 | 532,000,000 |
| **Total** | **538,000,000** | **532,000,000** |

*Remuneration to members of Board of Management*

| | *Current year* *VND* | *Previous year* *VND* |
|---|---|---|
| Salaries and bonus | 5,063,506,464 | 4,463,361,855 |
| Other benefits | 120,000,000 | 68,800,000 |
| **Total** | **5,183,506,464** | **4,532,161,855** |

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

## 31. 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, 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.

## 32. CONTINGENT LIABILITIES

*Operating lease commitments*

The Corporation leases office premises under an operating lease. Future rental amounts due under operating leases as at 31 December 2015 were as follows:

| *ITEMS* | *31 December 2015 VND* | *31 December 2014 VND* |
|---|---|---|
| Operating lease commitments due: | | |
| - Less than one year | 927,308,300 | 175,000,000 |
| - From 1 – 5 years | 16,565,257,911 | 20,489,435,314 |
| - More than 5 years | 2,445,833,333 | - |
| **Total** | **19,938,399,544** | **20,664,435,314** |

*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* | *Current year* | *Previous year* |
|---|---|---|
| Insurance policies signed but not yet effective (VND) | 110,133,583,561 | 108,906,611,908 |
| Bad debt written off (VND) | - | - |
| Foreign currency (USD) | 65,994.26 | 711,649.95 |
| Foreign currency (EUR) | 253.08 | 262.62 |
| Foreign currency (AUD) | 12,384.85 | - |

## 33. RISK MANAGEMENT FRAMEWORK

### *33.1 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.

## 33. RISK MANAGEMENT FRAMEWORK (continued)

### *33.2 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.

### *33.3 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 125/2012/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 2015 | 1,617,545 | 265,822 | 609% |
| 31 December 2014 | 577,310 | 190,955 | 302% |

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.

## 33. RISK MANAGEMENT FRAMEWORK (continued)

### *33.4 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.

### *33.5 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.

## 34. 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.

### *34.1 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 125/2012/TT-BTC dated 30 July 2012 issued by the Ministry of Finance. Details of such reserving methodologies are as follows:

## 34. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

### *34.1 Insurance risk* (continued)

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

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, accordance with the Circular No 125/2012/TT-BTC; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR).

The Corporation is calculating the reserve for incurred but not reported claims based on the following formula:

$$\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} = \frac{\text{Total indemnity for claims incurred but not reported at the end of the last three years}}{\text{Total indemnity for losses arising in the last three years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in claim intimation of current fiscal year}}{\text{Average delay in claim intimation of previous fiscal year}}$$

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).

## 34. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

### *34.2 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.

#### *34.2.1 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 2015 and 31 December 2014.

*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.

## 34. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

### *34.2 Financial risk* (continued)

#### *34.2.1 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 2015** | | |
| +5% | 8,169,262,261 | 6,372,024,564 |
| -5% | (8,169,262,261) | (6,372,024,564) |
| **31 December 2014** | | |
| +5% | 537,822,026 | 419,501,181 |
| -5% | (537,822,026) | (419,501,181) |

*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 79,796,367,000 (31 December 2014: VND 79,052,044,400). A decrease of 10% on the stock market index would decrease Corporation's profit before tax by VND 3,991,253,529 (31 December 2014: decrease by VND 4,651,619,240), 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 3,090,120,055 (31 December 2014: increase by VND 1,943,916,601).

## 34. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

### *34.2 Financial risk* (continued)

#### *34.2.2 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 2015.

*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 2015** | | | | | |
| Receivables from insurance activities | 2,698 | 1,026 | 3,547 | 14,447 | 11,307 |
| Receivables from financial activities | - | - | - | 3,000 | 3,000 |
| **Total** | **2,698** | **1,026** | **3,547** | **17,447** | **14,307** |
| **As at 31 December 2014** | | | | | |
| Receivables from insurance activities | 21,234 | 4,599 | 6,465 | 13,557 | 13,696 |
| Receivables from financial activities | - | - | - | 3,000 | 3,000 |
| **Total** | **21,234** | **4,599** | **6,465** | **16,557** | **16,696** |

Provisions for impairment of the receivables were made under the Circular 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009.

## 34 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

### *34.2 Financial risk* (continued)

*34.2.3 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 reporting date and 31 December 2014:

| | *On demand* | *Less than 1 year* | *From 1 to 5 years* | *Total* |
|---|---|---|---|---|
| | *VND* | *VND* | *VND* | *VND* |
| **31 December 2015** | | | | |
| **Financial liabilities** | | | | |
| Insurance payables | 34,329,035,690 | - | - | 34,329,035,690 |
| Reinsurance payables | - | 225,707,111,728 | - | 225,707,111,728 |
| Accrued expenses | - | 14,257,972,097 | - | 14,257,972,097 |
| Claim reserve | 470,722,803,331 | - | - | 470,722,803,331 |
| Other payables | 170,465,657,038 | - | - | 170,465,657,038 |
| | **675,517,496,059** | **239,965,083,825** | **-** | **915,482,579,884** |

| | *On demand* | *Less than 1 year* | *From 1 to 5 years* | *Total* |
|---|---|---|---|---|
| | *VND* | *VND* | *VND* | *VND* |
| **31 December 2014** | | | | |
| **Financial liabilities** | | | | |
| Insurance payables | 29,533,098,849 | - | - | 29,533,098,849 |
| Reinsurance payables | - | 241,750,931,025 | - | 241,750,931,025 |
| Accrued expenses | - | 14,304,710,299 | - | 14,304,710,299 |
| Claim reserve | 454,441,140,574 | - | - | 454,441,140,574 |
| Other payables | 125,262,826,336 | - | - | 125,262,826,336 |
| | **609,237,065,759** | **256,055,641,324** | **-** | **865,292,707,083** |

## 35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

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

**Financial assets**

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

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

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

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

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

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

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

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

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

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

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

  b) Financial assets already categorized as available for sale;

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

## 35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

**Financial assets** (continued)

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

**Financial liabilities**

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

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

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

**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.

## 35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2015:

| | *Carrying amount* | | | | *Fair value* |
|---|---|---|---|---|---|
| **31 December 2015** | *Cost* | *Accrued interest* | *Provision* | *Total* | |
| | *VND* | *VND* | *VND* | *VND* | *VND* |
| **Financial assets** | | | | | |
| Available for sale | 202,376,164,858 | - | (21,886,183,506) | 180,489,981,352 | 191,290,413,069 |
| *Listed shares* | *73,964,516,858* | - | *(4,968,581,575)* | *68,995,935,283* | *79,796,367,000* |
| *Unlisted shares* | *78,411,648,000* | - | *(16,917,601,931)* | *61,494,046,069* | *61,494,046,069* |
| *BIDV Metlife* | *50,000,000,000* | - | - | *50,000,000,000* | *50,000,000,000* |
| Loan and receivables | 2,512,694,509,793 | 51,806,177,332 | (14,306,851,001) | 2,550,193,836,124 | 2,550,193,836,124 |
| *Bonds* | *233,439,500,000* | *8,857,153,729* | *(3,000,000,000)* | *239,296,653,729* | *239,296,653,729* |
| *Term deposits* | *1,969,500,000,000* | *42,869,456,936* | - | *2,012,369,456,936* | *2,012,369,456,936* |
| *Insurance receivables* | *294,065,838,178* | - | *(11,306,851,001)* | *282,758,987,177* | *282,758,987,177* |
| *Other receivables* | *9,689,171,615* | - | - | *9,689,171,615* | *9,689,171,615* |
| *Statutory deposit* | *6,000,000,000* | *79,566,667* | - | *6,079,566,667* | *6,079,566,667* |
| **Cash and cash equivalents** | **234,893,788,001** | **781,055,555** | **-** | **235,674,843,556** | **235,674,843,556** |
| **Total** | **2,949,964,462,652** | **52,587,232,887** | **(36,193,034,507)** | **2,966,358,661,032** | **2,977,159,092,749** |
| **Financial liabilities** | | | | | |
| Trade payables | 260,242,871,481 | - | - | 260,242,871,481 | 260,242,871,481 |
| Accrued expenses | 14,257,972,097 | - | - | 14,257,972,097 | 14,257,972,097 |
| Other payables | 31,678,008,352 | □ | - | 31,678,008,352 | 31,678,008,352 |
| **Total** | **306,178,851,930** | **-** | **-** | **306,178,851,930** | **306,178,851,930** |

## 35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2014:

| | *Carrying amount* | | | | *Fair value* |
|---|---|---|---|---|---|
| **31 December 2014** | *Cost* | *Accrued interest* | *Provision* | *Total* | |
| | *VND* | *VND* | *VND* | *VND* | *VND* |
| **Financial assets** | | | | | |
| Available for sale | 198,716,052,716 | - | (19,690,739,905) | 179,025,312,811 | 193,860,339,562 |
| *Listed shares* | *67,187,909,716* | - | *(2,970,892,068)* | *64,217,017,648* | *79,052,044,400* |
| *Unlisted shares* | *81,528,143,000* | - | *(16,719,847,837)* | *64,808,295,163* | *64,808,295,162* |
| *BIDV Metlife* | *50,000,000,000* | - | - | *50,000,000,000* | *50,000,000,000* |
| Loan and receivables | 1,370,741,704,947 | 45,935,085,863 | (19,758,882,301) | 1,396,917,908,509 | 1,409,705,690,787 |
| *Bonds* | *130,000,000,000* | *4,776,917,808* | *(3,000,000,000)* | *131,776,917,808* | *132,975,144,304* |
| *Term deposits* | *962,000,000,000* | *41,033,334,722* | - | *1,003,033,334,722* | *1,014,622,890,504* |
| *Insurance receivables* | *265,301,208,588* | - | *(16,758,882,301)* | *248,542,326,287* | *248,542,326,287* |
| *Other receivables* | *5,033,346,520* | - | - | *5,033,346,520* | *5,033,346,520* |
| *Other short-term assets* | *2,361,195,293* | - | - | *2,361,195,293* | *2,361,195,293* |
| *Statutory deposit* | *6,000,000,000* | *124,833,333* | - | *6,124,833,333* | *6,124,833,333* |
| *Other long-term assets* | *45,954,546* | - | - | *45,954,546* | *45,954,546* |
| **Cash and cash equivalents** | **145,220,016,867** | **368,720,831** | **-** | **145,588,737,698** | **145,594,310,225** |
| **Total** | **1,714,677,774,530** | **46,303,806,694** | **(39,449,622,206)** | **1,721,531,959,018** | **1,749,160,340,574** |
| **Financial liabilities** | | | | | |
| Trade payables | 271,284,029,874 | - | - | 271,284,029,874 | 271,284,029,874 |
| Accrued expenses | 14,304,710,299 | - | - | 14,304,710,299 | 14,304,710,299 |
| Other payables | 14,328,495,744 | - | - | 14,328,495,744 | 14,328,495,744 |
| **Total** | **299,917,235,917** | **-** | **-** | **299,917,235,917** | **299,917,235,917** |

## 35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Where the active market information was not available to determine fair value of financial assets, financial liabilities at the reporting date, their carrying amounts were used.

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

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

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of listed shares is determined based on the price on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) on 31 December 2015.
- Fair value of unlisted shares which have been registered in the unlisted public companies market (UPCom) is the average price of the trading market on 31 December 2015.
- 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.

## 36. RESTATEMENT OF OPENING BALANCE

In 2015, due to requirements to present financial statements of general insurance companies in accordance with Circular 200/2014/TT-BTC issued by Ministry of Finance and requirements of State Audit, the Corporation has made adjustments to restate some figures of opening balance. Details of adjustments were presented as follows:

***Extracted from separate balance sheet***

*Currency: VND*

| *ASSETS* | *31 December 2014 (previously stated)* | *Adjustments in accordance with Circular 200 and State Audit* | *31 December 2014 (restated)* |
|---|---|---|---|
| **A - CURRENT ASSETS** | **2,083,167,053,488** | **51,972,256,717** | **2,135,139,310,205** |
| **II. Short-term investments** | **1,031,493,160,648** | **50,000,000,000** | **1,081,493,160,648** |
| 1. Short-term investments | 1,034,626,052,716 | (1,034,626,052,716) | - |
| 2. Provision for diminution in value of short-term investment | (3,132,892,068) | 3,132,892,068 | - |
| 1. Trading securities | | 72,626,052,716 | 72,626,052,716 |
| 2. Provision for trading securities | | (3,132,892,068) | (3,132,892,068) |
| 3. Held-to-maturity investments | | 1,012,000,000,000 | 1,012,000,000,000 |
| **III. Short-term receivables** | **298,733,582,234** | **8,143,960,651** | **306,877,542,885** |
| ***1. Trade receivables*** | ***265,301,208,588*** | ***1,463,863,077*** | ***266,765,071,665*** |
| 1.1. Insurance receivables | 265,301,208,588 | 1,463,863,077 | 266,765,071,665 |
| 4. Other receivables | 51,337,153,214 | 6,680,097,574 | 58,017,250,788 |
| **IV. Inventories** | **146,828,992** | **326,010,221** | **472,839,213** |
| 1. Inventories | 146,828,992 | 326,010,221 | 472,839,213 |
| **V. Other short-term assets** | **49,950,643,817** | **(6,560,720,948)** | **43,389,922,869** |
| 1. Prepaid expenses | 42,866,113,304 | 119,376,626 | 42,985,489,930 |
| 1.1. Unallocated commission expense | 42,446,555,541 | 119,376,626 | 42,565,932,167 |
| 5. Other short-term assets | 6,680,097,574 | (6,680,097,574) | - |
| **VI. Reinsurance assets** | **557,622,820,930** | **63,006,793** | **557,685,827,723** |
| 1. Reinsurance assets from unearned premium reserve | 214,249,195,339 | 63,006,793 | 214,312,202,132 |

## 36. RESTATEMENT OF OPENING BALANCE (continued)

***Extracted from separate balance sheet*** (continued)

*Currency: VND*

| *ASSETS* | *31 December 2014 (previously stated)* | *Adjustments in accordance with Circular 200 and State Audit* | *31 December 2014 (restated)* |
|---|---|---|---|
| **B. NON-CURRENT ASSETS** | **303,205,839,885** | **(50,000,000,000)** | **253,205,839,885** |
| **I. Long-term receivables** | **6,000,000,000** | **45,954,546** | **6,045,954,546** |
| 4.2. Other long-term receivables | - | 45,954,546 | 45,954,546 |
| **IV. Long-term investments** | **274,192,172,163** | **(50,000,000,000)** | **224,192,172,163** |
| 3. Other long-term investments | 256,090,000,000 | (256,090,000,000) | - |
| 4. Provision for diminution in value of long-term investment | (16,557,847,837) | 16,557,847,837 | - |
| 3. Other long-term investments | - | 126,090,000,000 | 126,090,000,000 |
| 4. Provision for impairment of long-term investments | - | (16,557,847,837) | (16,557,847,837) |
| 5. Held-to-maturity investments | - | 80,000,000,000 | 80,000,000,000 |
| **V. Other long-term assets** | **2,265,361,041** | **(45,954,546)** | **2,219,406,495** |
| 4. Other long-term assets | 45,954,546 | (45,954,546) | - |
| TOTAL ASSETS | **2,386,372,893,373** | **1,972,256,717** | **2,388,345,150,090** |

## 36. RESTATEMENT OF OPENING BALANCE (continued)

***Extracted from separate balance sheet*** (continued)

*Currency: VND*

| *RESOURCES* | *31 December 2014 (previously stated)* | *Adjustments in accordance with Circular 200 and State Audit* | *31 December 2014 (restated)* |
|---|---|---|---|
| **A. LIABILITIES** | **1,508,281,622,194** | **1,214,307,237** | **1,509,495,929,431** |
| **I. Current liabilities** | **1,500,886,362,618** | **5,983,291,096** | **1,506,869,653,714** |
| 1. Trade payables | 271,284,029,874 | 734,534,371 | 272,018,564,245 |
| 1.1. *Insurance payables* | *271,265,447,057* | *734,534,371* | *271,999,981,428* |
| 3. Tax and other statutory obligations | 26,210,700,683 | 411,157,827 | 26,621,858,510 |
| 8. Short-term unearned revenue | - | 4,768,983,859 | 4,768,983,859 |
| 8. Un-earned commission revenue | 42,215,411,883 | (14,322,678) | 42,201,089,205 |
| **15. Technical reserves** | **1,097,430,055,685** | **82,937,717** | **1,097,512,993,402** |
| *15.1. Gross un-earned premium reserve* | *569,539,138,918* | *293,047,999* | *569,832,186,917* |
| *15.2. Gross claim reserve* | *454,441,140,575* | *(216,429,503)* | *454,224,711,072* |
| *15.3. Catastrophe reserve* | *73,449,776,192* | *6,319,221* | *73,456,095,413* |
| **II. Non-current liabilities** | **7,395,259,576** | **(4,768,983,859)** | **2,626,275,717** |
| 8. Unearned revenue | 4,768,983,859 | (4,768,983,859) | - |
| **B. OWNERS' EQUITY** | **878,091,271,179** | **757,949,480** | **878,849,220,659** |
| **I. Owners' equity** | **878,091,271,179** | **09,3189,480** | **878,849,220,659** |
| 11. Retained earnings | 91,462,976,936 | 757,949,480 | 92,220,926,416 |
| **TOTAL LIABILITIES AND OWNERS' EQUITY** | **2,386,372,893,373** | **1,972,256,717** | **2,388,345,150,090** |

## 36. RESTATEMENT OF OPENING BALANCE (continued)

***Extracted from separate income statement***

*Currency: VND*

| *ITEMS* | *For the year ended 31 December 2014 (previously stated)* | *Adjustments in accordance with State Audit* | *For the year ended 31 December 2014 (restated)* |
|---|---|---|---|
| **1. Insurance revenue** | **1,003,665,984,251** | **1,388,518,917** | **1,005,054,503,168** |
| - Direct written premiums | 991,163,210,452 | 881,923,087 | 992,045,133,539 |
| - Reinsurance premium assumed | 125,284,251,720 | 799,643,829 | 126,083,895,549 |
| - Increase in un-earned premium reserve | (112,781,477,921) | (293,047,999) | (113,074,525,920) |
| **2. Reinsurance premium ceded** | **(374,227,637,935)** | **(1,092,017,525)** | **(375,319,655,460)** |
| - Reinsurance premium ceded | (400,533,529,430) | (1,155,024,318) | (401,688,553,748) |
| - Increase in ceded premium reserve | 26,305,891,495 | 63,006,793 | 26,368,898,288 |
| **3. Net insurance premiums** | **629,438,346,316** | **296,501,392** | **629,734,847,708** |
| **4. Commission on reinsurance ceded and other insurance incomes** | **90,395,154,533** | **321,756,101** | **90,716,910,634** |
| - Commission on reinsurance ceded | 66,719,366,827 | 321,756,101 | 67,041,122,928 |
| **5. Total net revenue from insurance business** | **719,833,500,849** | **618,257,493** | **720,451,758,342** |
| **8. Increase in Direct and assumed claim reserve** | **(128,204,472,257)** | **216,429,503** | **(127,988,042,754)** |
| **10. Net claim expenses** | **(237,810,488,961)** | **216,429,503** | **(237,594,059,458)** |
| **11. Increase in catastrophe reserve** | **(7,159,139,327)** | **(6,319,221)** | **(7,165,458,548)** |
| **12. Other operating expenses** | **(261,452,644,949)** | **(182,647,893)** | **(261,635,292,842)** |
| - Commission expense | (65,502,553,283) | (182,647,893) | (65,685,201,176) |
| **13. Total direct operating expenses** | **(506,422,273,237)** | **27,462,389** | **(506,394,810,848)** |
| **14. Gross insurance operating profit** | **213,411,227,612** | **645,719,882** | **214,056,947,494** |
| **21. General and administrative expenses** | **(210,288,525,981)** | **326,010,221** | **(209,962,515,760)** |
| **22. Net operating income** | **112,957,498,538** | **971,730,103** | **113,929,228,641** |
| **26. Profit before corporate income tax** | **111,025,642,539** | **971,730,103** | **111,997,372,642** |
| **27. Current corporate income tax** | **(23,708,873,885)** | **(213,780,623)** | **(23,922,654,508)** |
| **29. Net profit for the year after corporate income tax** | **86,826,477,136** | **757,949,480** | **87,584,426,616** |

## 37. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Corporation, the results of those operations or the state of affairs of the Corporation.

## 38. APPROVAL FOR ISSUANCE

The separate financial statements as at and for the year ended 31 December 2015 were authorised for issuance by General Director on 29 February 2016.

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

Hanoi, Vietnam

29 February 2016