BIDV Insurance Joint Stock Corporation

Interim Separate Financial Statements

30 June 2016

BIDV Insurance Joint Stock Corporation

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BIDV Insurance Joint Stock Corporation

GENERAL INFORMATION

CORPORATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 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 78.38% 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 14%, 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 30 June 2016, the charter capital was VND 1,172,768,950,000 (31 December 2015: VND 1,172,768,950,000).

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-six (26) branches nationwide.

Employee

Total employees of the Corporation as at 30 June 2016 was 835 persons (31 December 2015: 755 persons).

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

Members of the Board of Directors for the six month period ended 30 June 2016 and at the date of this report are:

Name	Position	Date of appointment/ reappointment/ resignation
Mr. Pham Quang Tung	Chairman	Resigned on 06 June 2016
Mr. Tran Luc Lang (*)	Chairman	Appointed on 15 July 2016
Mr. Ramaswamy Athappan	Vice Chairman	Appointed on 29 January 2016
Mr. Gobinath Arvind Athappan	Member	Appointed on 29 January 2016
Mr. Tran Hoai An	Member	Appointed on 20 April 2015
Mrs. Pham Thi Van Khanh	Member	Appointed on 29 January 2016
Mrs. Dang Thi Hong Phuong	Member	Reappointed on 20 April 2015
Mr. Vo Hai Nam	Member	Appointed on 20 April 2015
Mrs. Nguyen Thi Quynh Giao	Member	Resigned on 29 January 2016

(*) Appointed in accordance with Board of Director's Resolution No.054/NQ-HDQT dated 15 July 2016

BOARD OF SUPERVISION

Members of the Board of Supervision for the six month period ended 30 June 2016 and at the date of this report are:

Name	Position	Date of appointment/ reappointment
Mr. Cao Cu Tri	Head of Board	Reappointed on 20 April 2015
Mr. Zainul Abidin Rasheed	Member	Appointed on 29 January 2016
Mr. Osith Ramanathan	Member	Appointed on 29 January 2016
Mr. Nguyen Trung Kien	Member	Reappointed on 20 April 2015
Mr. Nguyen Thanh Cong	Member	Reappointed on 20 April 2015

MANAGEMENT

Members of Management for the six month period ended 30 June 2016 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 2010
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 period from 1 January 2016 to 30 June 2016 and at the date of this report is Mr. Tran Hoai An – Title: General Director.

AUDITORS

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

BIDV Insurance Joint Stock Corporation

REPORT OF MANAGEMENT

Management of BIDV Insurance Joint Stock Corporation ("the Corporation") presents its report and the separate financial statements of the Corporation for the six-month period ended 30 June 2016.

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

Management is responsible for the interim separate financial statements of each interim financial period which give a true and fair view of the state of the financial position of the Corporation and of its interim results of operations and interim cash flows for the period. In preparing those interim 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 interim separate financial statements; and
- prepare the interim 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 interim separate financial statements for the six-month period ended 30 June 2016.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Corporation as at 30 June 2016 and of the interim separate results of its operations and its interim separate cash flows for the six-month period 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 interim 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

25 July 2016

Ernst & Young Vietnam Limited
8th Floor, CornerStone Building
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Hanoi, S.R. of Vietnam

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AUDITORS' REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL INFORMATION

To: The Shareholders
BIDV Insurance Joint Stock Corporation

We have reviewed the accompanying interim separate financial statements of BIDV Insurance Joint Stock Corporation ("the Corporation") as prepared on 25 July 2016 and set out on pages 6 to 68, which comprise the interim separate balance sheet as at 30 June 2016, the interim separate income statement and interim separate cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on these interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagement 2410 – Review of interim financial information performed by the independent auditors of the entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view of, in all material respects, the interim separate financial position of the Corporation as at 30 June 2016, and of its interim separate financial performance and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and statutory requirements relevant to preparation and presentation of interim separate financial statements.

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Emphasis of matter

We draw attention to Note 2.1 to the interim separate financial statements. The Corporation has prepared the interim consolidated financial statements of the Corporation and its subsidiary for the six-month period ended 30 June 2016 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and statutory requirements relevant to preparation and presentation of interim consolidated financial statements. We have reviewed these interim consolidated financial statements and our review report dated 25 July 2016 expressed an unqualified opinion. Our review conclusion on the interim separate financial information is not qualified in respect of this matter.

Ernst & Young Vietnam Limited

Nguyen Xuan Dai
Deputy General Director
Audit Practising Registration
Certificate No. 0452-2013-004-001

Hanoi, Vietnam

25 July 2016

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2016

Currency: VND

Code	*ITEMS*	*Notes*	*30 June 2016*	*31 December 2015*
100	**A. CURRENT ASSETS**		**3,459,828,880,932**	**3,071,004,521,398**
110	***I. Cash and cash equivalents***	***4***	***240,515,411,865***	***234,893,788,001***
111	1. Cash		90,703,411,865	58,893,788,001
112	2. Cash equivalents		149,812,000,000	176,000,000,000
120	***II. Short-term investments***	***5***	***2,182,760,989,896***	***1,833,299,078,283***
121	1. Trading securities		134,901,322,971	76,429,659,858
122	2. Provision for trading securities		(6,640,333,075)	(5,130,581,575)
123	3. Held-to-maturity investments		2,054,500,000,000	1,762,000,000,000
130	***III. Short-term receivables***	***6***	***369,159,237,897***	***343,175,717,721***
131	1. Short-term trade receivables		282,344,493,937	294,070,925,872
131.1	*1.1 Insurance receivables*		*282,344,493,937*	*294,065,838,178*
131.2	*1.2 Other trade receivables*		-	*5,087,694*
132	2. Short-term advances to suppliers		1,649,840,373	1,551,758,776
136	3. Other receivables		98,729,384,483	61,859,884,074
137	4. Allowance for doubtful debts		(13,564,480,896)	(14,306,851,001)
140	***IV. Inventories***		***146,828,992***	***146,828,992***
141	1. Inventories		146,828,992	146,828,992
150	***V. Other short-term assets***		***64,197,419,537***	***56,984,109,455***
151	1. Prepaid expenses		63,541,120,811	56,495,652,538
151.1	*1.1 Unallocated commission expense*	*7*	*62,770,279,595*	*54,874,855,847*
151.2	*1.2 Other prepaid expenses*		*770,841,216*	*1,620,796,691*
152	2. Deductible VAT		656,298,726	488,456,917
190	***VI. Reinsurance assets***	***17.1***	***603,048,992,745***	***602,504,998,946***
191	1. Reinsurance assets from unearned premium reserve		284,534,200,749	277,659,988,399
192	2. Reinsurance assets from claim reserve		318,514,791,996	324,845,010,547

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2016

Currency: VND

Code	*ITEMS*	*Notes*	*30 June 2016*	*31 December 2015*
200	**B. NON-CURRENT ASSETS**		**475,960,935,606**	**621,113,101,087**
210	***I. Long-term receivables***		***7,045,577,488***	***6,411,432,734***
216	1. Other long-term receivables		7,045,577,488	6,411,432,734
216.1	*1.1. Statutory deposit*	*8*	*6,000,000,000*	*6,000,000,000*
216.2	*1.2. Other long-term receivables*		*1,045,577,488*	*411,432,734*
220	***II. Fixed assets***		***27,733,191,799***	***29,167,434,806***
221	1. Tangible fixed assets	9	21,147,897,603	22,549,140,610
222	*Costs*		*50,796,162,905*	*52,342,975,405*
223	*Accumulated depreciation*		*(29,648,265,302)*	*(29,793,834,795)*
227	2. Intangible assets	10	6,585,294,196	6,618,294,196
228	*Costs*		*6,739,599,125*	*6,739,599,125*
229	*Accumulated amortisation*		*(154,304,929)*	*(121,304,929)*
240	***III. Construction in progress***		*-*	***97,317,909***
242	1. Construction in progress		-	97,317,909
250	***IV. Long-term investments***	***5***	***439,845,978,625***	***584,790,423,069***
251	1. Investment in subsidiary		34,660,020,000	34,660,020,000
253	2. Other long-term investments		125,946,505,000	125,946,505,000
254	3. Provision for impairment of long-term investments		(16,755,601,931)	(16,755,601,931)
255	4. Held-to-maturity investments		295,995,055,556	440,939,500,000
260	***V. Other long-term assets***		***1,336,187,694***	***646,492,569***
261	1. Long-term prepaid expenses	11	1,336,187,694	646,492,569
270	**TOTAL ASSETS (270=100+200)**		**3,935,789,816,538**	**3,692,117,622,485**

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2016

Currency: VND

Code	*ITEMS*	*Notes*	*30 June 2016*	*31 December 2015*
300	**A. LIABILITIES**		**2,013,823,261,878**	**1,747,226,367,383**
310	***I. Current liabilities***		***2,003,712,149,960***	***1,739,021,045,656***
311	1. Trade payables	12	332,939,251,830	260,242,871,481
311.1	*1.1. Insurance payables*		*332,693,997,787*	*260,036,147,418*
311.2	*1.2. Other payables*		*245,254,043*	*206,724,063*
312	2. Short-term advance from customers		5,430,707,524	3,921,618,371
313	3. Tax and other statutory obligations	13	18,372,696,739	13,221,437,624
314	4. Payables to employees		37,297,532,825	36,477,927,753
315	5. Short-term accrued expenses	14	18,809,529,106	14,257,972,097
318	6. Short-term deferred revenue		5,330,779,420	6,940,508,479
318.1	7. Un-earned commission revenue	15	68,301,364,741	67,155,147,363
319	8. Other short-term payables	16	94,341,029,020	28,947,438,009
322	9. Bonus and welfare funds		14,256,820,737	5,389,533,649
329	10. Technical reserves	17	1,408,632,438,018	1,302,466,590,830
329.1	*10.1. Gross un-earned premium reserve*		*832,184,192,457*	*759,915,619,653*
329.2	*10.2. Gross claim reserve*		*499,165,903,936*	*470,722,803,331*
329.3	*10.3. Catastrophe reserve*		*77,282,341,625*	*71,828,167,846*
330	***II. Non-current liabilities***		***10,111,111,918***	***8,205,321,727***
337	1. Other long-term liabilities	16	4,636,360,534	2,730,570,343
341	2. Deferred tax liability		5,474,751,384	5,474,751,384

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2016

Currency: VND

Code	*ITEMS*	*Notes*	*30 June 2016*	*31 December 2015*
400	**B. OWNERS' EQUITY**		**1,921,966,554,660**	**1,944,891,255,102**
410	***I. Owners' equity***	***18***	***1,921,966,554,660***	***1,944,891,255,102***
411	1. Charter capital		1,172,768,950,000	1,172,768,950,000
411a	- *Common shares with voting rights*		*1,172,768,950,000*	*1,172,768,950,000*
411b	- *Preference shares*		-	-
412	2. Share premium		655,565,033,362	655,565,033,362
417	3. Investment and development fund		6,457,956,038	1,800,187,891
419	4. Statutory reserve		25,482,360,997	22,310,289,169
421	5. Retained earnings		61,692,254,263	92,446,794,680
421a	*5.1. Accumulated undistributed profit of previous years*		*1,422,889,533*	*5,998,513,158*
421b	*5.2. Undistributed profit of current year*		*60,269,364,730*	*86,448,281,522*
440	**TOTAL LIABILITIES AND OWNERS' EQUITY (440=300+400)**		**3,935,789,816,538**	**3,692,117,622,485**

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

25 July 2016

INTERIM SEPARATE INCOME STATEMENT

PART 1: INTERIM SEPARATE COMPREHENSIVE INCOME STATEMENT
for six-month period ended 30 June 2016

Currency: VND

Code	*ITEMS*	*For the six-month period ended 30 June 2016*	*For the six-month period ended 30 June 2015*
10	1. Total operating income	561,893,319,553	450,479,104,566
12	2. Finance income	85,059,432,353	58,281,249,674
13	3. Other income	605,710,405	124,857,080
20	4. Total direct operating expenses	(431,516,381,666)	(351,130,612,307)
22	5. Finance expense	(3,427,906,232)	(6,387,700,700)
23	6. General and administrative expenses	(133,424,760,091)	(98,806,605,762)
24	7. Other expenses	(48,765,285)	(363,357,718)
50	**8. Profit before corporate income tax (50=10+12+13+20+22+23+24)**	**79,140,649,037**	**52,196,934,833**
51	9. Current corporate income tax expense	(15,699,212,479)	(11,210,669,417)
52	10. Deferred corporate income tax income	-	-
60	**11. Net profit for this period after corporate income tax (60=50+51+52)**	**63,441,436,558**	**40,986,265,416**

INTERIM SEPARATE INCOME STATEMENT (continued)

PART 2: INTERIM SEPARATE OPERATIONAL INCOME STATEMENT
for six-month period ended 30 June 2016

Currency: VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2016*	*For the six-month period ended 30 June 2015*
01	**1. Insurance revenue (01 = 01.1 + 01.2 + 01.3)**	**19**	**718,925,679,460**	**612,625,470,905**
	In which:			
01.1	- Direct written premiums		703,521,203,193	628,130,571,139
01.2	- Reinsurance premium assumed		87,673,049,071	99,763,862,078
01.3	- Increase in un-earned premium reserve		(72,268,572,804)	(115,268,962,312)
02	**2. Reinsurance premium ceded (02 = 02.1 + 02.2)**	**20**	**(238,902,662,046)**	**(234,921,183,662)**
	In which:			
02.1	- Reinsurance premium ceded		(245,776,874,396)	(268,807,369,817)
02.2	- Increase in ceded premium reserve		6,874,212,350	33,886,186,155
03	**3. Net insurance premiums (03 = 01 + 02)**		**480,023,017,414**	**377,704,287,243**
04	**4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2)**		**81,870,302,139**	**72,774,817,323**
	In which:			
04.1	- Commission on reinsurance ceded	21	58,937,260,383	56,727,889,881
04.2	- Other income from insurance activities		22,933,041,756	16,046,927,442
10	**5. Total net revenue from insurance business (10 = 03 + 04)**		**561,893,319,553**	**450,479,104,566**
11	**6. Claim expenses (11 = 11.1 + 11.2)**		**(245,370,289,947)**	**(223,260,808,247)**
	In which:			
11.1	- Claim expenses		(258,278,632,232)	(226,026,101,309)
11.2	- Claim expense reductions		12,908,342,285	2,765,293,062
12	**7. Recoveries from reinsurance ceded**		**54,241,921,931**	**85,062,357,902**
13	**8. Increase in Direct and assumed claim reserve**		**(28,443,100,605)**	**(33,443,792,549)**
14	**9. Increase in ceded claim reserve**		**(6,330,218,551)**	**6,272,744,578**
15	**10. Net claim expenses (15 = 11 + 12 + 13 + 14)**	**22**	**(225,901,687,172)**	**(165,369,498,316)**
16	**11. Increase in catastrophe reserve**		**(5,454,173,779)**	**(4,590,870,634)**

INTERIM SEPARATE INCOME STATEMENT (continued)

PART 2: INTERIM SEPARATE OPERATIONAL INCOME STATEMENT
for six-month period ended 30 June 2016 (continued)

Currency: VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2016*	*For the six-month period ended 30 June 2015*
17	**12. Other operating expenses (17 = 17.1 + 17.2)**	**23**	**(200,160,520,715)**	**(181,170,243,357)**
	In which:			
17.1	- Commission expense		(58,422,462,221)	(59,897,570,238)
17.2	- Other underwriting expenses		(141,738,058,494)	(121,272,673,119)
18	**13. Total direct operating expenses (18 = 15 + 16 + 17)**		**(431,516,381,666)**	**(351,130,612,307)**
19	**14. Gross insurance operating profit (19 = 10 + 18)**		**130,376,937,887**	**99,348,492,259**
23	**15. Finance income**	**24**	**85,059,432,353**	**58,281,249,674**
24	**16. Finance expense**	**25**	**(3,427,906,232)**	**(6,387,700,700)**
25	**17. Profit from financial activities (25 = 23 + 24)**		**81,631,526,121**	**51,893,548,974**
26	**18. General and administrative expenses**	**26**	**(133,424,760,091)**	**(98,806,605,762)**
30	**19. Net operating income (30 = 19 + 25 + 26)**		**78,583,703,917**	**52,435,435,471**
31	**20. Other income**	**27**	**605,710,405**	**124,857,080**
32	**21. Other expenses**	**28**	**(48,765,285)**	**(363,357,718)**
40	**22. Net other profit (40 = 31 + 32)**		**556,945,120**	**(238,500,638)**
50	**23. Profit before corporate income tax (50 = 30 + 40)**		**79,140,649,037**	**52,196,934,833**
51	**24. Current corporate income tax expense**	**29**	**(15,699,212,479)**	**(11,210,669,417)**
52	**25. Deferred corporate income tax income**	**29**	**-**	**-**
60	**26. Net profit for the period after corporate income tax (60 = 50 + 51 + 52)**		**63,441,436,558**	**40,986,265,416**

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

25 July 2016

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 30 June 2016

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2016	For the six-month period ended 30 June 2015
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net profit before tax**		**79,140,649,037**	**52,196,934,833**
	Adjustments for:			
02	Depreciation and amortisation		2,590,137,007	1,703,427,720
03	Insurance reserves and provision for diminution in investment value		106,482,121,519	111,541,474,621
04	Losses from revaluation of foreign currencies		669,345,832	-
05	Profits/(Losses) from investing activities		(83,901,430,874)	(49,437,242,781)
06	Interest expense		4,562,054	6,075,764
08	**Operating cash flow before changes in working capital**		**104,985,384,575**	**116,010,670,157**
09	Increase in receivables		(83,526,324)	(16,234,701,904)
11	Increase in payables		140,417,675,789	115,259,166,143
12	Decrease/(Increase) in prepaid expense		160,260,350	(2,877,916,234)
13	(Increase)/decrease in trading securities		(58,471,663,113)	19,193,918,659
14	Interest expense paid		(4,562,054)	(6,075,764)
15	Corporate income tax paid		(12,458,463,060)	(19,726,022,648)
16	Other cash inflows from operating activities		(61,687,893,961)	(114,263,679,558)
17	Other cash outflows from operating activities		(7,132,712,912)	(9,746,766,251)
20	**Net cash flow from operating activities**		**105,733,623,398**	**87,608,592,600**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets and other long-term assets		(1,058,576,091)	(1,326,887,365)
22	Disposal of fixed assets and other long-term assets		327,371,949	-
23	Payments for investments in other entities		(990,000,000,000)	(723,000,000,000)
24	Proceeds from matured investments		842,444,444,444	569,500,000,000
27	Interest received		58,020,094,964	55,606,422,292
30	**Net cash flow used in investing activities**		**(90,266,664,734)**	**(99,220,465,073)**

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2016

Currency: VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2016*	*For the six-month period ended 30 June 2015*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
36	Dividends paid		(9,845,334,800)	(16,325,868,000)
40	**Net cash flow from financing activities**		**(9,845,334,800)**	**(16,325,868,000)**
50	**Net increase in cash and cash equivalent (50=20+30+40)**		**5,621,623,864**	**(27,937,740,473)**
60	**Cash and cash equivalents at beginning of the period**		**234,893,788,001**	**145,220,016,867**
70	**Cash and cash equivalents at end of the period (70=50+60)**	**4**	**240,515,411,865**	**117,282,276,394**

Mr. Nguyen Xuan Dong
Accountant
Finance - Accounting Division

Ms. Lai Ngan Giang
Chief Accountant

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

25 July 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 78.38% 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 14% 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 30 June 2016, the charter capital was VND 1,172,768,950,000 (31 December 2015: VND 1,172,768,950,000).

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-six (26) branches nationwide.

Employee

Total employees of the Corporation as at 30 June 2016 was 835 persons (31 December 2015: 755 persons).

2. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1 *Accounting standard and system*

The Corporation's interim separate financial statements 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 No. 232) dated 28 December 2012 and the Circular No. 200/2014/TT-BTC dated 22 December 2014 providing guidance on enterprise accounting system, and with Vietnamese Accounting Standards issued by the Ministry of Finance as per 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 interim separate balance sheet, interim separate income statement, interim 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 interim separate financial statements reflect only the operations of the Corporation for the six-month period ended 30 June 2016. The interim consolidated financial statements which include the Corporation and its subsidiary are prepared separately and independently from the interim separate financial statements. Users of these separate financial statements should read them together with the interim consolidated financial statements of the Corporation as at 30 June 2016 and for the period ended in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated 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 starts on 1 January and ends on 31 December. These interim separate financial statements are prepared for the six-month period ended 30 June 2016.

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 *Change in accounting policies*

Accounting policies that the Corporation applied are in consistent with the accounting policies applied for the preparation of the financial statements for the previous year.

3.2 *Cash and cash equivalents*

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

3.3 *Receivables*

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

Provision for impairment of 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 interim separate income statement.

The Corporation adopts the provision policy as promulgated by the Ministry of Finance in Circular No. 228/2009/TT-BTC dated 07 December 2009 ("Circular No. 228"). Details on the basis of provision are as follows:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the interim separate income statement.

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

3.5 *Intangible assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the interim separate income statement.

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

3.6 *Depreciation and amortisation*

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

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

3.7 *Prepaid expenses*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Investments

3.8.1 Trading Securities

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

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

Trading securities are stated at their acquisition cost.

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

3.8.2 Held to maturity investments

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

3.8.3 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 interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

3.8.4 Other long-term investments

Other long term investments represent the Corporation's capital investments in other enterprises where the Corporation either owns less than 20% of voting 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 periodic review for impairment. Any impairment losses are recognized in financial expense on the Corporation's interim separate income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Investments* (continued)

3.8.5 Provision for diminution in value of investment

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

Listed shares

Investment in listed shares are carried at cost in accordance with Vietnamese Accounting Standards, if there is objective evidence about an impairment loss on a listed share that is carried at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the closing market value as of the balance sheet date 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 No. 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 the balance sheet date.
- 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)

3.8 *Investments* (continued)

3.8.5 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.

3.9 *Payables and accruals*

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

3.10 *Employee benefits*

3.10.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Corporation by the social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Corporation is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the rate of 18% of employee basic salaries on a monthly basis.

In addition, in accordance with internal policy No. 100/QD-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.

3.10.2 Unemployment benefits

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Technical reserves*

The technical reserves include (i) unearned premium reserve, (ii) claims reserve and (iii) catastrophe reserve. The reserving methodologies are based on Circular No. 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 No. 125/2012/TT-BTC issued by the Ministry of Finance on 30 July 2012.

Although Circular 125/2012/TT-BTC has formulated a formula to calculate IBNR for a financial year, there is no guidance available for establishing IBNR when preparing the interim separate financial statements. As such for the purpose of interim reporting of the management has calculated IBNR by multiplying the IBNR amount as at 31 December 2015 with the premium revenue growth and claim expense growth for the period which Management believe would give a best estimate of the IBNR amount as at 30 June 2016.

(ii) Catastrophe reserve

Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums according to Circular No. 125/2012/TT-BTC dated 30 July 2012 issued by the Ministry of Finance.

On 28 December 2005, the Ministry of Finance issued Decision No. 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19 – Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Transactions in foreign currencies*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates.

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

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

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

3.13 *Appropriation of net profits*

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

The Corporation maintains the following reserve funds which are appropriated from 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 the Ministry of Finance.
- Bonus and welfare fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Revenue recognition*

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

(i) Gross written premiums

Gross written premiums are recognized in accordance with Circular No. 125/2012/TT-BTC issued by the Ministry of Finance on 30 July 2012 ("Circular No. 125") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches and Circular No. 194/2014/TT-BTC ("Circular No. 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 No. 194, premium payment period shall not exceed 30 days from policy inception date. For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalment only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

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

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Expense recognition

(i) Claim expense

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

(ii) Commission expense

Commission is calculated at percentage of direct premiums for specific line of insurance as stipulated in Circular No. 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)

3.16 *Recognition of reinsurance activities*

(i) Reinsurance ceded

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

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

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

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

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

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

Reinsurance assumed under facultative arrangement:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation*

Current tax

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

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

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

Deferred tax

Deferred tax is provided using the separate balance sheet liability method on temporary differences at the separate balance sheet date between the tax base of assets and liabilities and their carrying amount for interim 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)

3.17 *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.

3.18 *Use of estimates*

The preparation of the interim 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

	30 June 2016 *VND*	*31 December 2015* *VND*
Cash on hand	2,497,060,269	827,518,903
Cash at banks	87,838,088,786	37,864,491,485
Cash in transit	368,262,810	20,201,777,613
Cash equivalents (*)	149,812,000,000	176,000,000,000
Total	**240,515,411,865**	**234,893,788,001**

(*) Cash equivalents are bank deposits at BIDV with original term of less than or equal to three (03) months and interest rate at 5.5% per annum.

5. INVESTMENTS

	Notes	*30 June 2016* *VND*	*31 December 2015* *VND*
Trading securities	**5.1**		
Listed shares		132,436,179,971	73,964,516,858
Unlisted shares		2,465,143,000	2,465,143,000
		134,901,322,971	**76,429,659,858**
Provision for trading securities		**(6,640,333,075)**	**(5,130,581,575)**
Held-to-maturity investments	**5.2**		
Short-term		2,054,500,000,000	1,762,000,000,000
- *Term deposits*		*2,054,500,000,000*	*1,762,000,000,000*
Long-term		295,995,055,556	440,939,500,000
- *Term deposits*		*65,000,000,000*	*207,500,000,000*
- *Bonds*		*230,995,055,556*	*233,439,500,000*
		2,350,495,055,556	**2,202,939,500,000**
Other financial investments	**5.3**		
Investment in subsidiary		34,660,020,000	34,660,020,000
Investments in other entities		125,946,505,000	125,946,505,000
Provision for impairment of investments		(16,755,601,931)	(16,755,601,931)
		143,850,923,069	**143,850,923,069**
Net value of investments		**2,622,606,968,521**	**2,418,089,501,352**

5. INVESTMENTS (continued)

5.1 *Trading securities*

Currency: VND

	30 June 2016				*31 December 2015*			
	Quantity	*Cost*	*Provision*	*Carrying value*	*Quantity*	*Cost*	*Provision*	*Carrying value*
Listed shares	**4,039,425**	**132,436,179,971**	**(6,478,333,075)**	**125,957,846,896**	**3,091,580**	**73,964,516,858**	**(4,968,581,575)**	**68,995,935,283**
VNR	1,080,010	13,792,409,095	-	13,792,409,095	1,080,010	13,792,403,293	-	13,792,403,293
FPT	764,750	29,986,668,635	-	29,986,668,635	526,380	23,727,530,990	-	23,727,530,990
REE	234,025	5,836,629,577	(1,039,117,077)	4,797,512,500	203,500	5,836,629,577	(708,429,577)	5,128,200,000
TCM	433,660	15,620,388,497	(4,692,156,497)	10,928,232,000	433,660	15,620,388,497	(2,263,660,497)	13,356,728,000
KBC	641,230	9,997,123,045	(58,058,045)	9,939,065,000	641,230	9,997,123,045	(1,597,010,045)	8,400,113,000
SSI	206,800	4,990,441,456	(689,001,456)	4,301,440,000	206,800	4,990,441,456	(399,481,456)	4,590,960,000
VNM	250,280	29,742,821,600	-	29,742,821,600	-	-	-	-
VCB	189,090	7,483,552,515	-	7,483,552,515	-	-	-	-
VSC	239,580	14,986,145,551	-	14,986,145,551	-	-	-	-
Unlisted shares	**275,449**	**2,465,143,000**	**(162,000,000)**	**2,303,143,000**	**275,449**	**2,465,143,000**	**(162,000,000)**	**2,303,143,000**
HDB	235,449	1,648,143,000	-	1,648,143,000	235,449	1,648,143,000	-	1,648,143,000
VIDIFA	18,000	477,000,000	(162,000,000)	315,000,000	18,000	477,000,000	(162,000,000)	315,000,000
VTEC	22,000	340,000,000	-	340,000,000	22,000	340,000,000	-	340,000,000
	4,314,874	**134,901,322,971**	**(6,640,333,075)**	**128,260,989,896**	**3,367,029**	**76,429,659,858**	**(5,130,581,575)**	**71,299,078,283**

5. INVESTMENTS (continued)

5.2 *Held-to-maturity investments*

Currency: VND

	30 June 2016		*31 December 2015*	
	Cost	*Carrying value*	*Cost*	*Carrying value*
Short-term				
Term deposits (i)	2,054,500,000,000	2,054,500,000,000	1,762,000,000,000	1,762,000,000,000
	2,054,500,000,000	**2,054,500,000,000**	**1,762,000,000,000**	**1,762,000,000,000**
Long-term				
Term deposits (ii)	65,000,000,000	65,000,000,000	207,500,000,000	207,500,000,000
Bonds (iii)	230,995,055,556	230,995,055,556	233,439,500,000	233,439,500,000
	295,995,055,556	**295,995,055,556**	**440,939,500,000**	**440,939,500,000**
	2,350,495,055,556	**2,350,495,055,556**	**2,202,939,500,000**	**2,202,939,500,000**

(i) Short-term deposits in VND with annual interest rate ranging from 5.5% to 6.9% have original term of more than three (03) months and will mature in one year.

(ii) Long-term deposits in VND with annual interest rate ranging from 7% to 7.1% have original term of more than one (01) year.

(iii) 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*

Currency: VND

	30 June 2016				31 December 2015			
	% owner-ship	Cost	Provision	Carrying value	% owner-ship	Cost	Provision	Carrying 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	4.22%	25,946,505,000	(16,755,601,931)	9,190,903,069
- 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**		**125,946,505,000**	**(16,755,601,931)**	**109,190,903,069**
		160,606,525,000	**(16,755,601,931)**	**143,850,923,069**		**160,606,525,000**	**(16,755,601,931)**	**143,850,923,069**

6. SHORT-TERM RECEIVABLES

	30 June 2016 VND	*31 December 2015 VND*
Insurance receivables		
Gross written premium receivables	33,288,993,288	71,619,655,785
Reinsurance assumed receivables	127,653,295,173	113,202,884,103
Reinsurance ceded receivables	113,155,932,698	102,701,388,551
Other receivables from insurance activities	253,040,215	299,739,409
Receivables from co-insurers	7,993,232,563	6,247,258,024
Of which:		
- *Xuan Thanh Insurance Joint Stock Corporation*	1,464,565,364	623,733,940
- *Military Insurance Corporation*	1,871,487,732	799,891,326
- *Petrolimex Insurance Corporation*	*909,740,315*	*2,394,142,043*
	282,344,493,937	**294,070,925,872**
Short-term advances to suppliers	**1,649,840,373**	**1,551,758,776**
Other receivables		
Bank deposit interest receivables	66,789,630,868	43,730,079,158
Bond coupon receivables	11,757,212,329	8,857,153,729
Advances	12,584,344,872	2,996,694,839
Office rental deposit	660,800,000	675,800,000
Short-term mortgages, deposits	2,628,702,175	1,749,072,083
Other receivables	4,308,694,239	3,851,084,265
	98,729,384,483	**61,859,884,074**
Total receivables	**382,723,718,793**	**357,482,568,722**
Allowance for doubtful debts	(13,564,480,896)	(14,306,851,001)
Net receivables	**369,159,237,897**	**343,175,717,721**

7. UN-ALLOCATED COMMISSION EXPENSES

	30 June 2016 VND	*31 December 2015 VND*
Opening balance	**54,874,855,847**	**42,565,932,167**
Commission paid during the period	47,740,693,172	88,896,395,014
Allocated to expenses during the period	(39,845,269,424)	(76,587,471,334)
Closing balance	**62,770,279,595**	**54,874,855,847**

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:						
Balance at 1 January 2016	2,300,000,000	3,198,014,982	46,324,549,023	124,407,273	396,004,127	52,342,975,405
Newly purchased	-	771,257,909	*394,309,091*	30,267,000	-	1,195,834,000
Liquidation & Disposal	-	-	(2,742,646,500)	-	-	(2,742,646,500)
Balance at 30 June 2016	2,300,000,000	3,969,272,891	43,976,211,614	154,674,273	396,004,127	50,796,162,905
Accumulated depreciation:						
Balance at 1 January 2016	(352,666,682)	(2,489,533,864)	(26,699,330,953)	(36,108,729)	(216,194,567)	(29,793,834,795)
Depreciation for the period	(46,000,002)	(255,687,660)	(2,197,261,447)	(16,930,026)	(41,939,694)	(2,557,818,829)
Liquidation & Disposal	-	-	2,703,388,322	-	-	2,703,388,322
Balance at 30 June 2016	(398,666,684)	(2,745,221,524)	(26,193,204,078)	(53,038,755)	(258,134,261)	(29,648,265,302)
Net book value:						
Balance at 1 January 2016	1,947,333,318	708,481,118	19,625,218,070	88,298,544	179,809,560	22,549,140,610
Balance at 30 June 2016	1,901,333,316	1,224,051,367	17,783,007,536	101,635,518	137,869,866	21,147,897,603

10. INTANGIBLE ASSETS

	Computer software VND	*Other intangible assets VND*	*Land use right VND*	*Total VND*
Costs:				
Balance at 1 January 2016	169,599,125	70,000,000	6,500,000,000	6,739,599,125
Balance at 30 June 2016	169,599,125	70,000,000	6,500,000,000	6,739,599,125
Accumulated amortisation:				
Balance at 1 January 2016	(108,601,228)	(12,703,701)	-	(121,304,929)
Amortization during the period	(21,333,336)	(11,666,664)	-	(33,000,000)
Balance at 30 June 2016	(129,934,564)	(24,370,365)	-	(154,304,929)
Net book value:				
Balance at 1 January 2016	60,997,897	57,296,299	6,500,000,000	6,618,294,196
Balance at 30 June 2016	39,664,561	45,629,635	6,500,000,000	6,585,294,196

11. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses are office maintenance expenses, tools and consumables which can be used in more than 1 year.

12. TRADE PAYABLES

	30 June 2016 VND	*31 December 2015 VND*
Insurance activities	**332,693,997,787**	**260,036,147,418**
Payables for ceded activities	250,797,713,360	210,402,477,125
Payables to co-insurers	4,477,043,297	4,118,425,925
Of which:		
- Vietinbank Insurance	*715,653,418*	*795,974,479*
- Military Insurance Corporation	*596,902,677*	*661,159,526*
- PVI Insurance Corporation	*561,777,099*	*626,033,948*
Claim payables	43,105,622,497	19,552,044,087
Commission payables	13,387,932,095	10,598,565,678
XOL payables	20,853,686,538	15,304,634,603
Other insurance payables	72,000,000	60,000,000
Other trade payables	**245,254,043**	**206,724,063**
Other payables	245,254,043	206,724,063
	332,939,251,830	**260,242,871,481**

13. TAXES AND OTHER STATUTORY OBLIGATIONS

	Balance as at 31 December 2015 VND	*Movement during the period*		*Balance as at 30 June 2016 VND*
		Payables VND	*Paid VND*	
Value added tax	5,963,526,499	40,229,557,774	37,752,241,664	8,440,842,609
Corporate income tax *(Note 29)*	3,832,795,065	15,699,212,479	12,458,463,060	7,073,544,484
Other taxes	3,425,116,060	8,454,923,752	9,021,730,166	2,858,309,646
Total	**13,221,437,624**	**64,383,694,005**	**59,232,434,890**	**18,372,696,739**

14. SHORT-TERM ACCRUED EXPENSES

	30 June 2016 VND	*31 December 2015 VND*
Compulsory civil liability fund	1,610,631,234	967,853,068
Policy holder protection fund	2,281,606,813	2,593,523,252
Compulsory fire and miscellaneous fund	2,099,302,430	907,032,135
Monitoring fund for the insurance supervision association (ISA)	426,964,819	-
Other accrued expenses	12,391,023,810	9,789,563,642
Total	**18,809,529,106**	**14,257,972,097**

15. UN-EARNED COMMISSION REVENUE

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

	30 June 2016 VND	*31 December 2015 VND*
Opening balance	**67,155,147,363**	**42,201,089,205**
Increased during the period	46,326,765,597	97,721,172,972
Allocated during the period	(45,180,548,219)	(72,767,114,814)
Closing balance	**68,301,364,741**	**67,155,147,363**

16. OTHER PAYABLES

	30 June 2016 VND	*31 December 2015 VND*
Other short-term payables	**94,341,029,020**	**28,947,438,009**
Salary unrelated payables	606,597,755	150,278,937
Short-term deposits	25,315,445,085	22,588,171,437
Charity funds	364,513,864	54,822,292
Dividend payables	62,877,578,352	-
Other payables	5,176,893,964	6,154,165,343
Other long-term payables	**4,636,360,534**	**2,730,570,343**
Mortgage, deposit received	4,636,360,534	2,730,570,343
Total	**98,977,389,554**	**31,678,008,352**

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*
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**
30 June 2016			
Unearned premium reserve	832,184,192,457	(284,534,200,749)	547,649,991,708
Claim reserve	499,165,903,936	(318,514,791,996)	180,651,111,940
	1,331,350,096,393	**(603,048,992,745)**	**728,301,103,648**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.1 Unearned premium reserve

Gross unearned premium reserve

Product	*30 June 2016 VND*	*31 December 2015 VND*
Health and Personal Accident	117,583,441,446	104,013,604,120
Property and Damages	282,792,110,082	277,676,794,734
Cargo	14,547,932,937	16,889,280,674
Automobile	282,446,718,568	252,878,899,025
Fire	87,451,036,988	73,597,723,500
Liability	7,471,974,408	5,526,498,079
Business Risk	1,626,704,252	2,349,840,226
Aviation	1,086,152,460	1,010,431,508
Hull and P&I	28,661,745,722	18,240,427,917
Financial and credit risk	3,173,189,128	3,214,491,115
Agriculture	5,343,186,466	4,517,628,755
Total	**832,184,192,457**	**759,915,619,653**

Ceded unearned premium reserve (Reinsurance assets)

Product	*30 June 2016 VND*	*31 December 2015 VND*
Health and Personal Accident	235,250,504	468,063,790
Property and Damages	192,960,181,558	202,134,969,094
Cargo	10,168,448,851	12,957,589,355
Automobile	1,177,657,284	889,935,347
Fire	46,893,798,069	37,069,819,285
Liability	5,387,102,988	3,590,774,950
Business Risk	1,368,198,878	2,150,863,377
Aviation	778,001,524	720,702,925
Hull and P&I	20,100,921,288	12,663,567,247
Financial and credit risk	1,537,336,167	1,436,779,107
Agriculture	3,927,303,638	3,576,923,922
Total	**284,534,200,749**	**277,659,988,399**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.2 Claim reserve

Gross claim reserve

Product	*30 June 2016 VND*	*31 December 2015 VND*
Health and Personal Accident	14,928,857,297	18,898,383,571
Property and Damages	271,703,588,568	207,811,241,949
Cargo	31,071,464,277	20,208,992,117
Automobile	66,232,471,184	38,865,056,476
Fire	63,993,024,015	87,936,823,724
Liability	2,746,056,936	2,116,903,773
Business Risk	-	-
Aviation	14,292,623,888	14,403,162,782
Hull and P&I	32,983,659,453	40,215,525,301
Financial and credit risk	1,148,161,068	40,083,044,479
Agriculture	65,997,250	183,669,159
Total	**499,165,903,936**	**470,722,803,331**

Ceded reinsurance claim reserve (Reinsurance assets)

Product	*30 June 2016 VND*	*31 December 2015 VND*
Health and Personal Accident	(444)	1,453,937
Property and Damages	212,778,775,943	165,310,219,139
Cargo	22,290,671,650	14,349,734,483
Automobile	20,464,716	-
Fire	44,437,095,032	68,219,089,884
Liability	1,415,190,923	418,634,670
Business Risk	-	-
Aviation	13,282,819,511	13,390,749,831
Hull and P&I	24,289,774,665	29,910,882,603
Financial and credit risk	-	33,244,246,000
Total	**318,514,791,996**	**324,845,010,547**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.2 Claim reserve (continued)

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 30 June 2016. Such reserves amounted to VND 472,025,766,493 as at 30 June 2016, in which, the amount recoverable from reinsurers relating to these outstanding claims was VND 318,514,791,996 .
2. Reserves for claims incurred but not reported as at 30 June 2016, amounted to VND 27,140,137,443. The increase in claim claims incurred but not reported of VND 1,741,027,772 was charged to the interim separate income statement.

17.2. Catastrophe reserve

	30 June 2016	*31 December 2015*
	VND	*VND*
Opening balance	**71,828,167,846**	**73,456,095,413**
Increased during the period	5,454,173,779	9,484,097,382
Used during the period	-	(11,112,024,949)
Closing balance	**77,282,341,625**	**71,828,167,846**

18. OWNERS' EQUITY

	Charter capital VND	*Share premium VND*	*Investment and development fund VND*	*Statutory reserve VND*	*Retained earnings VND*	*Total VND*
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 period	-	-	-	-	93,155,362,939	93,155,362,939
Other increases	-	-	-	-	958,255,472	958,255,472
Other decreases	-	-	-	4,657,768,147	(93,887,750,147)	(89,229,982,000)
In which:						
- *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**
Balance at 1 January 2016	**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**
Profit for the period	-	-	-	-	63,441,436,558	63,441,436,558
Other decrease	-	-	4,657,768,147	3,172,071,828	(94,195,976,975)	(86,366,137,000)
- *Appropriation to statutory reserves*	-	-	-	*3,172,071,828*	*(3,172,071,828)*	-
- *Appropriation to Bonus and Welfare funds*	-	-	-	-	*(16,000,000,000)*	*(16,000,000,000)*
- *Investment and development fund*	-	-	*4,657,768,147*	-	*(4,657,768,147)*	-
- *Dividend payment (*)*	-	-	-	-	*(70,366,137,000)*	*(70,366,137,000)*
Balance at 30 June 2016	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**25,482,360,997**	**61,692,254,263**	**1,921,966,554,660**

(*) In accordance with 2015 dividend distribution plan dated 14 April 2016 approved by The General shareholders.

18. OWNERS' EQUITY (continued)

18.1. *Contributed capital*

	30 June 2016 VND	*31 December 2015 VND*
Contributed by parent company (BIDV)	597,492,590,000	597,492,590,000
Contributed by Strategic investor (Fairfax)	410,469,130,000	410,469,130,000
Contributed by other shareholders	164,807,230,000	164,807,230,000
Total	**1,172,768,950,000**	**1,172,768,950,000**

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

	30 June 2016 VND	*31 December 2015 VND*
Paid-in capital		
Contributed capital at begining of the period	1,172,768,950,000	762,299,820,000
Increase in contributed capital	-	410,469,130,000
Contributed capital at the end of the period	**1,172,768,950,000**	**1,172,768,950,000**
Dividends	**(70,366,137,000)**	**(76,229,982,000)**

18.3. *Shares*

	30 June 2016 VND	*31 December 2015 VND*
Authorized shares	**117,276,895**	**117,276,895**
Issued shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895
Preferrence shares	-	-
Treasury shares	-	-
Ordinary shares	-	-
Preferrence shares	-	-
Outstanding shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895
Preferrence shares	-	-
Total	**117,276,895**	**117,276,895**

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

19. INSURANCE REVENUE

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Direct written premiums	703,665,236,924	629,013,871,552
Deductions from direct premiums	(144,033,731)	(883,300,413)
Total	**703,521,203,193**	**628,130,571,139**
Reinsurance premium assumed	87,673,049,071	99,763,862,078
Increase in un-earned premium reserve	(72,268,572,804)	(115,268,962,312)
Total	**718,925,679,460**	**612,625,470,905**

19.1 Direct written premiums

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	86,095,597,479	79,014,327,017
Property and Damages	124,702,892,134	139,482,140,691
Cargo	52,886,759,624	55,451,053,639
Automobile	275,206,967,777	226,231,284,580
Fire	101,582,696,338	73,984,940,539
Liability	5,111,888,062	2,559,953,301
Business Risk	1,910,219,272	4,287,924,920
Hull and P&I	42,200,426,925	35,576,506,510
Financial and credit risk	6,490,113,409	10,196,022,001
Agriculture	7,333,642,173	1,346,417,941
Total	**703,521,203,193**	**628,130,571,139**

19.2 Reinsurance premiums assumed

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	12,189,882,319	41,534,486,397
Property and Damages	43,779,438,214	40,440,436,590
Cargo	2,563,705,125	2,278,281,957
Automobile	15,756,227,820	504,560,050
Fire	8,109,139,716	11,303,602,856
Liability	1,062,211,691	258,017,478
Business Risk	552,097,728	1,769,937,213
Aviation	2,783,882,660	2,274,373,042
Hull and P&I	802,521,299	(613,610,522)
Financial and credit risk	64,827,150	-
Agriculture	9,115,349	13,777,017
Total	**87,673,049,071**	**99,763,862,078**

20. REINSURANCE PREMIUM CEDED

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Reinsurance premium ceded	245,776,874,396	268,807,369,817
Increase in ceded unearned premium reserve	(6,874,212,350)	(33,886,186,155)
Total	**238,902,662,046**	**234,921,183,662**

20.1 Reinsurance premium ceded

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	495,270,776	164,232,460
Property and Damages	101,842,093,466	130,830,334,431
Cargo	37,854,667,320	42,469,526,605
Automobile	1,384,924,173	657,970,898
Fire	57,311,796,540	49,347,171,238
Liability	3,718,319,067	1,264,739,946
Business Risk	2,067,043,951	5,275,691,781
Aviation	1,579,975,287	1,181,438,116
Hull and P&I	29,838,476,762	28,421,110,722
Financial and credit risk	4,090,471,743	8,115,205,674
Agriculture	5,593,835,311	1,079,947,946
Total	**245,776,874,396**	**268,807,369,817**

21. COMMISSION ON REINSURANCE CEDED

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Reinsurance ceded commission	58,937,260,383	56,966,797,699
Deductions on commission	-	(238,907,818)
(Commission return/reduction)		
Total	**58,937,260,383**	**56,727,889,881**

21. COMMISSION ON REINSURANCE CEDED (continued)

21.1 Commission on reinsurance ceded

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	256,283,994	46,709,945
Property and Damages	25,435,011,675	30,387,727,522
Cargo	11,070,419,329	9,753,133,530
Automobile	421,116,314	226,286,258
Fire	16,305,526,029	12,731,183,480
Liability	432,752,892	268,805,832
Business Risk	779,875,757	136,704,332
Aviation	289,518,655	220,148,017
Hull and P&I	3,356,457,287	3,196,098,783
Financial and credit risk	305,091,297	-
Agriculture	285,207,154	-
Total	**58,937,260,383**	**56,966,797,699**

22. NET CLAIM EXPENSES

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Claim expenses	258,278,632,232	226,026,101,309
- *Direct claim expenses*	*233,046,379,662*	*211,154,783,862*
- *Claim expense on reinsurance assumed*	*25,232,252,570*	*14,871,317,447*
Salvage and sub-rogation	(12,908,342,285)	(2,765,293,062)
Recovery from reinsurance ceded	(54,241,921,931)	(85,062,357,902)
Increase in gross claim reserve	28,443,100,605	33,443,792,549
Increase in ceded reinsurance claim reserve	6,330,218,551	(6,272,744,578)
Total	**225,901,687,172**	**165,369,498,316**

22. NET CLAIM EXPENSES (continued)

22.1 *Direct claim expenses*

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	31,250,716,109	24,670,591,991
Property and Damages	28,904,931,098	34,540,829,071
Cargo	20,738,772,050	23,906,170,375
Automobile	107,184,489,440	80,916,976,391
Fire	38,004,938,382	26,534,957,957
Liability	311,567,674	210,780,897
Business risk	-	5,419,830
Aviation	-	-
Hull and P&I	6,650,964,909	17,059,677,337
Financial and credit risk	-	3,309,380,013
Total	**233,046,379,662**	**211,154,783,862**

22.2 *Claim expense on reinsurance assumed*

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	16,141,930,229	8,425,326,736
Property and Damages	4,633,914,558	5,146,914,191
Cargo	743,384,993	639,823,400
Automobile	980,989,045	80,968,617
Fire	2,049,834,091	462,792,870
Liability	-	(7,959,761)
Aviation	101,784,287	-
Hull and P&I	462,743,458	6,856,158
Financial and credit risk	-	-
Agriculture	117,671,909	116,595,236
Total	**25,232,252,570**	**14,871,317,447**

22. CLAIM EXPENSES (continued)

22.3 *Recoveries from reinsurance ceded*

Product	*For the six-month period ended 30 June 2016 VND*	*For the six-month period ended 30 June 2015 VND*
Health and Personal Accident	487,587,243	27,134,784
Property and Damages	21,115,902,145	30,643,433,935
Cargo	6,582,316,988	21,087,085,644
Automobile	67,082,566	76,176,772
Fire	22,734,443,863	17,286,282,729
Liability	-	113,697,209
Business risk	-	5,197,263
Aviation	90,620,333	-
Hull and P&I	3,163,968,793	13,960,809,155
Financial and credit risk	-	1,862,540,411
Total	**54,241,921,931**	**85,062,357,902**

23. OTHER OPERATING EXPENSES

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Commission	58,422,462,221	59,897,570,238
Insurance risk assessment expenses	92,886,735	47,875,080
Agent management activities	8,130,646,990	6,718,011,269
Loss prevention	856,210,990	729,914,518
Statutory contributions	2,387,639,775	1,782,144,312
Other expenses	130,270,674,004	111,994,727,940
Total	**200,160,520,715**	**181,170,243,357**

Other expenses include the expenses related to underwriting activities such as salary paid for underwriting personnel, marketing expense, etc.

24. FINANCE INCOME

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Interest income from deposits at banks	71,004,402,150	37,629,640,814
Interest income from bonds	10,297,280,656	6,010,599,316
Dividend income	2,663,144,000	3,735,193,700
Gain from exchange rate difference	1,080,338,718	4,001,828,132
Gain from security trading	9,324,000	6,895,571,706
Other financial incomes	4,942,829	8,416,006
Total	**85,059,432,353**	**58,281,249,674**

25. FINANCE EXPENSES

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Interest expense	4,562,054	6,075,764
Security trading expense	60,465,086	91,139,536
Loss on security trading	-	1,515,466,735
Loss on exchange rate difference	1,775,464,832	4,918,322,114
Provisions for diminution in value of investments	1,509,751,500	(385,482,210)
Other financial expenses	77,662,761	242,178,761
Total	**3,427,906,233**	**6,387,700,700**

26. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Employee expense	73,911,740,511	50,644,087,191
Material expense	4,700,832,616	3,982,042,909
Tool and equipment expense	1,497,143,112	2,127,942,020
Depreciation expense	2,590,137,007	1,703,428,218
Tax, fee, and charge	2,608,946,481	2,246,193,890
Expense for external services	46,854,373,645	37,941,414,184
Provision/(Reversal of provision) for doubtful debts	(742,370,105)	(1,217,737,930)
Other expenses	2,003,956,824	1,379,235,280
Total	**133,424,760,091**	**98,806,605,762**

27. OTHER INCOME

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Income from disposal tools and equipment	327,371,949	1,400,000
Other income	278,338,456	123,457,080
Total	**605,710,405**	**124,857,080**

28. OTHER EXPENSES

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Administrative penalty	16,441,599	110,140,915
Other expenses	32,323,686	253,216,803
Total	**48,765,285**	**363,357,718**

29. CORPORATE INCOME TAX

The Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 20% 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

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Current income tax expense		
CIT tax expenses on current year profit	15,699,212,479	11,210,669,417
Total current income tax expenses	15,699,212,479	11,210,669,417
Deferred income tax income		
Deferred tax on temporary taxable income	-	-
Total deferred tax expenses	-	-
Corporate Income tax expense	**15,699,212,479**	**11,210,669,417**

29. CORPORATE INCOME TAX (continued)

The current corporate income tax payable is determined based on taxable income for the period. Taxable profit distinguishes from accounting profit reported on the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible for tax purpose. The Corporation's liability for current tax is calculated using tax rates that have been enacted by the separate balance sheet date.

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

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Profit before Corporate income tax	**79,140,649,037**	**52,196,934,833**
Adjustments to increase	**5,440,802,288**	**2,326,018,037**
Non-deductible expenses	4,007,261,626	110,515,915
Penalty for late payment of tax	16,441,599	1,216,829,054
Accrual of policy holder protection fund	1,417,099,063	998,673,068
Adjustments to decrease	**(5,027,550,898)**	**(6,994,266,751)**
Tax exempt dividend income	(2,663,144,000)	(3,735,193,700)
Policy holder protection fund of previous year	(864,507,750)	-
Cancelled revenue in 2015 under Circular No. 194/2014/TT-BTC	(1,499,899,148)	-
Adjustment for income taxed in previous periods	-	(3,259,073,051)
Estimated current taxable profit	**79,553,900,427**	**47,528,686,119**
Estimated Current Corporate Income Tax expense	15,910,780,085	10,456,310,946
Adjustment of prior years' CIT	(211,567,606)	-
Current Corporate Income Tax	**15,699,212,479**	**10,456,310,946**
Corporate Income Tax payables at beginning of the period	3,832,795,065	11,604,309,763
Adjustment under accrual of prior years' CIT payables	-	614,311,272
Corporate Income Tax paid during the period	(12,458,463,060)	(19,726,022,648)
Corporate Income Tax payable at the end of the period	**7,073,544,484**	**2,948,909,333**

30. TRANSACTIONS WITH RELATED PARTIES

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

Company	*Relationship*	*Transaction*	*Income VND*	*Expense VND*
Joint Stock Commercial Bank of Investment and Development of Vietnam (BIDV)	Parent	Gross written premiums	73,051,150,197	-
		Claim expense		947,363,685
		Commission expense		4,555,966,120
		Interest income from term deposit	58,183,257,244	-
		Office rental expense		6,317,779,595
		Bank transfer expense		915,652,326
		Short-term interest		4,562,054
BIDV Leasing Company I	Affiliate	Gross written premiums	119,532,101	
		Claim expense		-
BIDV Securities Company	Affiliate	Gross written premiums	-	-
The Bank of Investment and Development of Cambodia (BIDC)	Affiliate	Gross written premiums	370,312,061	-
		Interest income from term deposit	1,987,132,252	
		Claim expense		-
BIDV Union Company	Affiliate	Gross written premiums	2,073,164,952	-
		Claim expense	-	384,189,195
Lao Viet Insurance Company	Subsidiary	Assumed reinsurance premium	35,992,977,099	-
		Commission from reinsurance assumed	-	9,579,431,223
		Claim expense from reinsurance assumed	-	1,402,500,477

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*	*Receivables VND*	*Payables VND*
Joint stock Commercial Bank of Investment and Development of Vietnam (BIDV)	Parent	Current account	86,167,561,721	-
		Term deposits	1,930,500,000,000	-
		Interest from term deposits	56,477,368,065	-
		Premium receivables	415,600,445	-
		Commission payables	-	1,025,507,007
		Compulsory deposit at BIDV	6,000,000,000	-
		Deposits in blocked account	4,335,079,663	-
BIDV Leasing Company	Affiliate	Premium receivables	132,336,739	-
		Commission payables	-	15,070,680
The Bank of Investment and Development of Cambodia (BIDC)	Affiliate	Term Deposits	36,000,000,000	-
		Interest from term deposits	539,388,889	-
		Commission payables	-	1,780,250
Lao Viet Insurance Company	Subsidiary	Assumed commission receivables	26,399,443,547	-
		Claim payables for reinsurance assumed	-	6,625,585,124
		Claim reserve for reinsurance assumed	-	35,992,977,099

30. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of Board of Directors

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Remuneration	285,000,000	231,000,000
Total	**285,000,000**	**231,000,000**

Remuneration to members of Board of Management

	For the six-month period ended 30 June 2016 VND	*For the six-month period ended 30 June 2015 VND*
Salaries and bonus	4,092,334,385	2,132,663,524
Other benefits	228,000,000	60,000,000
Total	**4,320,334,385**	**2,192,663,524**

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 30 June 2016 were as follows:

ITEMS	*30 June 2016 VND*	*31 December 2015 VND*
Operating lease commitments due:		
- Less than 1 year	359,575,000	927,308,300
- From 1 – 5 years	45,040,196,645	16,565,257,911
- More than 5 years	2,300,000,000	2,445,833,333
Total	**47,699,771,645**	**19,938,399,544**

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	*30 June 2016*	*31 December 2015*
Insurance policies signed but not yet effective (VND)	96,484,828,565	110,133,583,561
Bad debt written off (VND)	-	-
Foreign currency (USD)	777,345.34	65,994.26
Foreign currency (EUR)	2,776.62	253.08
Foreign currency (AUD)	12,370.34	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.

33.2 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. RISK MANAGEMENT FRAMEWORK (continued)

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 No. 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*
30 June 2016	1,566,871	288,344	543%
31 December 2015	1,617,545	265,822	609%

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.

33.4 *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:

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).

34. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

34.1 Insurance risk (continued)

Assumptions, changes in assumptions and sensitivity analysis

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 30 June 2016 and 31 December 2015.

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 June 2016		
+5%	496,735,983	397,388,786
-5%	(496,735,983)	(397,388,786)
31 December 2015		
+5%	732,099,417	571,037,546
-5%	(732,099,417)	(571,037,546)

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 143,026,922,500 (31 December 2015: VND 79,796,367,000). A decrease of 10% on the stock market index would decrease Corporation's profit before tax by VND 5,076,303,136 (31 December 2015: decrease by VND 3,991,253,529), 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 2,060,776,495 (31 December 2015: increase by VND 3,090,120,055).

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 30 June 2016.

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 30 June 2016					
Receivables from insurance activities	1,026	2,989	7,126	11,630	10,564
Receivables from financial activities	-	-	-	3,000	3,000
Total	1,026	2,989	7,126	14,630	13,564
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**

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

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 balance sheet date and 31 December 2015:

	On demand VND	*Less than 1 year VND*	*From 1 to 5 years VND*	*Total VND*
30 June 2016				
Financial liabilities				
Insurance payables	61,042,597,889	-	-	61,042,597,889
Reinsurance payables	-	271,651,399,898	-	271,651,399,898
Accrued expenses	-	18,809,529,106	-	18,809,529,106
Claim reserve	499,165,903,936	-	-	499,165,903,936
Other payables	180,055,152,806	-	-	180,055,152,806
	740,263,654,631	**290,460,929,004**	-	**1,030,724,583,635**

	On demand VND	*Less than 1 year VND*	*From 1 to 5 years VND*	*Total VND*
31 December 2015				
Financial liabilities				
Insurance payables	39,117,628,572	-	-	39,117,628,572
Reinsurance payables	-	268,225,977,722	-	268,225,977,722
Accrued expenses	-	14,257,972,097	-	14,257,972,097
Claim reserve	470,722,803,331	-	-	470,722,803,331
Other payables	123,158,198,162	-	-	123,158,198,162
	632,998,630,065	**282,483,949,819**	-	**915,482,579,884**

35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR NO. 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 No. 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular No. 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

Due to Circular No. 210 only requires the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relevant definitions are applicable to prepare this note only. The assets, liabilities and equities of the Corporation still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System applicable to insurance companies and comply with the relevant statutory requirements.

Financial assets

Financial assets within the scope of Circular No. 210 include cash and bank deposits, trade and other receivables, listed and unlisted financial instruments.

According to Circular No. 210, for the purpose of disclosure in the Separate Financial Statements, financial assets are classified as appropriate into one of the following categories:

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

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

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

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

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

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

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

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

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

  b) Financial assets already categorized as available for sale;

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

35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR NO. 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 No. 210/2009/TT-BTC include trade and other payables, loans and borrowings.

According to Circular No. 210/2009/TT-BTC, for the purpose of disclosure in the Separate Financial Statements, financial liabilities are classified as appropriate into one of the following categories:

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

35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR NO. 210 (continued)

Financial liabilities (continued)

Offsetting of financial assets and financial liabilities

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

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

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

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of listed shares is determined based on the price on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) on 30 June 2016.
- 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 30 June 2016.
- Fair value of unlisted shares which have not been registered in the unlisted public companies market (OTC) is the average of public price quotations of at least three (03) reputable and large security companies in the market.
- Where the active market information was not available to determine fair value of financial assets, financial liabilities at the reporting date, their carrying amounts were used.

35. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR NO. 210 (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 30 June 2016:

	Carrying amount				*Fair value*
30 June 2016	*Cost* VND	*Accrued interest* VND	*Provision* VND	*Total* VND	VND
Financial assets					
Available for sale	260,847,827,971	-	(23,395,935,006)	237,451,892,965	254,578,534,569
Listed shares	*132,436,179,971*	-	*(6,478,333,075)*	*125,957,846,896*	*143,084,488,500*
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	2,660,067,668,278	78,236,551,519	(13,564,480,896)	2,724,739,738,901	2,724,739,738,901
Bonds	*230,995,055,556*	*11,757,212,329*	*(3,000,000,000)*	*239,752,267,885*	*239,752,267,885*
Term deposits	*2,119,500,000,000*	*66,211,705,857*	-	*2,185,711,705,857*	*2,185,711,705,857*
Insurance receivables	*282,344,493,937*	-	*(10,564,480,896)*	*271,780,013,041*	*271,780,013,041*
Other receivables	*21,228,118,785*			*21,228,118,785*	*21,228,118,785*
Statutory deposit	*6,000,000,000*	*267,633,333*	-	*6,267,633,333*	*6,267,633,333*
Cash and cash equivalents	**240,515,411,865**	**310,291,667**	**-**	*240,825,703,532*	*240,825,703,532*
Total	**3,161,430,908,114**	**78,546,843,186**	**(36,960,415,902)**	**3,203,017,335,398**	**3,220,143,977,002**
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 NO. 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* VND	*Accrued interest* VND	*Provision* VND	*Total* 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**

36. EVENTS AFTER THE INTERIM 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.

37. APPROVAL FOR ISSUANCE

The interim separate financial statements as at and for the six-month period ended 30 June 2016 were authorised for issuance by General Director on 25 July 2016.

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

Hanoi, Vietnam

25 July 2016