

**VIETNAM NATIONAL REINSURANCE  
JOINT STOCK CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**



## **STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2018.

### **THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS**

The members of the Boards of Management and General Directors of the Corporation who held office during the year and to the date of this report are as follows:

#### **Board of Management**

Mr. Le Song Lai	Chairman
Mr. Phan Kim Bang	Vice Chairman
Mr. Martyn Parker	Vice Chairman (resigned on 30 June 2018)
Mr. Pham Cong Tu	Member
Mr. Tran Vinh Duc	Member (retired on 03 January 2019)
Mr. Dao Nam Hai	Member
Mr. Pham Sy Danh	Member
Mr. Beat Schnegg	Member (resigned on 30 June 2018)
Mr. Mai Xuan Dung	Member
Mr. Nguyen Dinh An	Member

#### **Board of General Directors**

Mr. Pham Cong Tu	General Director
Mr. Nguyen Manh Linh	Deputy General Director
Mr. Mai Xuan Dung	Deputy General Director
Mr. Yves-Danil Conchand	Deputy General Director (resigned on 31 July 2018)

### **BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going-concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)**

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to consolidated financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of General Directors,



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**Pham Cong Tu**  
**General Director**

*Hanoi, 04 March 2019*

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## INDEPENDENT AUDITORS' REPORT

**To: The shareholders  
The Boards of Management and General Directors  
Vietnam National Reinsurance Joint Stock Corporation**

We have audited the accompanying consolidated financial statements of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation"), prepared on 04 March 2019 as set out from page 04 to page 46, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Board of General Directors' Responsibility for the Consolidated Financial Statements**

The Board of General Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Board of General Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to consolidated financial reporting.



**Khúc Thị Lan Anh**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0036-2018-001-1

**Pham Tuan Linh**  
Auditor  
Audit Practising Registration Certificate  
No. 3001-2019-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

04 March 2019  
Hanoi, S.R. Vietnam

## CONSOLIDATED BALANCE SHEET

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
<b>A. CURRENT ASSETS (100=110+120+130+140+150+190)</b>	<b>100</b>		<b>5,323,245,284,131</b>	<b>5,235,413,769,624</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>63,803,229,276</b>	<b>169,817,165,145</b>
1. Cash	111		46,803,229,276	66,817,165,145
2. Cash equivalents	112		17,000,000,000	103,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>2,433,155,685,385</b>	<b>2,218,226,936,835</b>
1. Trading securities	121		173,907,022	255,297,398
2. Provision for impairment of trading securities	122		(173,907,022)	(176,172,398)
3. Held-to-maturity investments	123		2,437,930,762,313	2,218,147,811,835
4. Provision for impairment of short-term financial investments	124		(4,775,076,928)	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>869,495,694,856</b>	<b>1,067,450,453,050</b>
1. Short-term trade receivables	131	6	890,833,527,743	1,094,732,977,717
1.1. Receivables of insurance contracts	131.1		566,851,827,024	770,606,426,398
1.2. Other trade accounts receivable	131.2		323,981,700,719	324,126,551,319
2. Other short-term receivables	136		18,487,490,668	11,039,453,311
3. Provision for short-term doubtful debts	137		(39,825,323,555)	(38,321,977,978)
<b>IV. Inventories</b>	<b>140</b>		<b>40,571,643,367</b>	<b>59,021,267</b>
1. Inventories	141	7	45,118,767,505	59,021,267
2. Provision for devaluation of inventories	149		(4,547,124,138)	-
<b>V. Other current assets</b>	<b>150</b>		<b>254,661,650,415</b>	<b>188,776,477,336</b>
1. Short-term prepaid expenses	151	8	249,259,411,914	187,931,351,792
1.1. Unallocated commission expenses	151.1		244,016,133,558	185,674,353,313
1.2. Other short-term prepaid expenses	151.2		5,243,278,356	2,256,998,479
2. Value added tax deductibles	152		5,402,238,501	845,125,544
<b>VI. Reinsurance assets</b>	<b>190</b>	<b>16</b>	<b>1,661,557,380,832</b>	<b>1,591,083,715,991</b>
1. Unearned premium reserve for outward reinsurance	191		503,493,352,619	526,110,829,307
2. Claim reserve for outward reinsurance	192		1,158,064,028,213	1,064,972,886,684

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
<b>B. NON-CURRENT ASSETS (200=210+220+230+240+250+260)</b>	<b>200</b>		<b>1,350,680,978,324</b>	<b>1,236,267,171,559</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>22,000,000,000</b>	<b>22,000,000,000</b>
1. Other long-term receivables	216		22,000,000,000	22,000,000,000
1.1. Insurance deposit	216.1		22,000,000,000	22,000,000,000
<b>II. Fixed assets</b>	<b>220</b>		<b>5,321,763,664</b>	<b>7,605,175,886</b>
1. Tangible fixed assets	221	10	5,261,886,567	5,165,764,208
- Cost	222		25,817,950,881	25,150,907,036
- Accumulated depreciation	223		(20,556,064,314)	(19,985,142,828)
2. Intangible assets	227	11	59,877,097	2,439,411,678
- Cost	228		32,434,195,934	32,480,195,934
- Accumulated amortisation	229		(32,374,318,837)	(30,040,784,256)
<b>III. Investment property</b>	<b>230</b>	<b>12</b>	<b>10,664,027,216</b>	<b>10,983,389,295</b>
- Cost	231		34,055,061,893	34,055,061,893
- Accumulated depreciation	232		(23,391,034,677)	(23,071,672,598)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>14,790,319,557</b>	<b>13,558,937,466</b>
1. Construction in progress	242		14,790,319,557	13,558,937,466
<b>V. Long-term financial investments</b>	<b>250</b>	<b>5</b>	<b>1,219,784,370,115</b>	<b>1,091,238,504,138</b>
1. Investments in associates	252		258,842,891,150	227,722,596,956
2. Equity investments in other entities	253		462,366,363,997	470,445,070,000
3. Provision for impairment of long-term financial investments	254		(4,458,755,507)	(2,737,031,437)
4. Held-to-maturity investments	255		503,033,870,475	395,807,868,619
<b>VI. Other non-current assets</b>	<b>260</b>		<b>78,120,497,772</b>	<b>90,881,164,774</b>
1. Long-term prepaid expenses	261	8	2,978,239,544	1,168,826,614
2. Deferred tax assets	262		-	421,202,827
3. Other long-term assets	268	9	75,142,258,228	89,291,135,333
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>6,673,926,262,455</b>	<b>6,471,680,941,183</b>

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
<b>C. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>3,687,506,774,819</b>	<b>3,752,806,269,003</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,684,807,038,054</b>	<b>3,748,372,372,884</b>
1. Short-term trade payables	311	13	740,898,046,995	936,307,148,265
1.1 Payables of insurance contracts	311.1		505,215,065,621	693,969,225,780
1.2. Other trade accounts payable	311.2		235,682,981,374	242,337,922,485
2. Short-term advances from customers	312		724,298,709	1,386,887,302
3. Taxes and amounts payable to the State	313	14	16,849,114,278	5,418,007,023
4. Payables to employees	314		18,338,825,325	17,387,973,271
5. Other current payables	319	15	47,827,231,542	158,941,084,871
6. Unearned commission income	319.1	15	107,386,456,892	110,592,257,769
7. Bonus and welfare funds	322		19,210,767,385	17,416,202,598
8. Under-writing reserves	329	16	2,733,572,296,928	2,500,922,811,785
8.1. Unearned premium reserves for inward	329.1		874,337,219,111	794,916,072,658
8.2. Claim reserves for inward reinsurance	329.2		1,668,347,100,445	1,512,161,661,581
8.3. Catastrophe reserve	329.3		190,887,977,372	193,845,077,546
<b>II. Long-term liabilities</b>	<b>330</b>		<b>2,699,736,765</b>	<b>4,433,896,119</b>
1. Other long-term payables	337	15	2,699,736,765	2,327,881,984
2. Provision for long-term payables	342		-	2,106,014,135
<b>D. EQUITY (400=410)</b>	<b>400</b>		<b>2,986,419,487,636</b>	<b>2,718,874,672,180</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>2,986,419,487,636</b>	<b>2,718,874,672,180</b>
1. Owners' contributed capital	411	17	1,310,759,370,000	1,310,759,370,000
- Ordinary share carrying voting rights	411a		1,310,759,370,000	1,310,759,370,000
2. Share premium	412	17	566,368,537,309	566,368,537,309
3. Investment and development fund	418	17	206,077,621,278	200,956,093,477
4. Compulsory reserve fund	419	17	131,075,937,000	126,198,339,406
5. Retained earnings	421	17	735,886,003,612	483,692,105,013
- Retained earnings accumulated to the prior year end	421a		457,055,714,786	379,807,088,562
- Retained earnings of the current period	421b		278,830,288,826	103,885,016,451
6. Non-controlling interests	429		36,252,018,437	30,900,226,975
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>6,673,926,262,455</b>	<b>6,471,680,941,183</b>

The accompanying notes are an integral part of these consolidated financial statements



**OFF-BALANCE SHEET ITEMS**

<b>CONSOLIDATED OFF-BALANCE SHEET ITEMS</b>	<b>Currency</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>1. Foreign currencies</b>			
United States Dollar	USD	1,479,421.71	1,364,729.41
Australian Dollar	AUD	348.07	365.59
Japanese Yen	JPY	44,017.00	30,911.00
Singapore Dollar	SGD	434.05	456.13
Great Britain Pound	GBP	5,771.61	181.21
Euro	EUR	112,577.69	102,450.29



**Nguyen Thanh Cong**  
Preparer



**Luu Thi Viet Hoa**  
Chief Accountant



**Pham Cong Tu**  
General Director

Hanoi, 04 March 2019

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2018*

**PART I - GENERAL CONSOLIDATED INCOME STATEMENT**

Unit: VND

<b>ITEMS</b>	<b>Codes</b>	<b>Current year</b>	<b>Prior year (Restated)</b>
1. Net revenue from insurance activities	10	946,349,238,102	818,767,482,804
2. Financial income	12	341,790,414,205	283,139,410,083
3. Other income	13	23,106,948,721	13,873,260,888
4. Total expenses for insurance activities	20	811,260,069,740	697,159,535,695
5. Financial expenses	22	105,792,480,302	71,557,509,884
6. General and administration expenses	23	79,308,545,263	65,772,157,874
7. Other expenses	24	2,111,413,225	2,562,981,893
8. Share of net profit from associate	25	45,996,806,101	35,530,846,532
9. (Loss) on pilot agricultural insurance activities	26	(350,253,371)	(182,695,993)
10. Profit from offshore fishing vessel insurance	27	-	3,405,849,758
<b>11. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+25+26-27)</b>	<b>50</b>	<b>358,420,645,228</b>	<b>310,670,269,210</b>
12. Current corporate income tax expense	51	56,371,693,806	51,444,421,276
13. Deferred corporate tax (income)	52	-	(7,280,835)
<b>14. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>	<b>302,048,951,422</b>	<b>259,233,128,769</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**CONSOLIDATED INCOME STATEMENT (Continued)**

*For the year ended 31 December 2018*

**PART II - CONSOLIDATED INCOME STATEMENT BY ACTIVITY**

Unit: VND

<b>ITEMS</b>	<b>Codes</b>	<b>Notes</b>	<b>Current year</b>	<b>Prior year (Restated)</b>
<b>1. Insurance premium (01 = 01.2-01.3)</b>	<b>01</b>	<b>18</b>	<b>1,723,297,086,003</b>	<b>1,646,020,498,992</b>
- Inward reinsurance premium	01.2		1,802,718,232,456	1,651,471,980,448
- Increase in unearned premium reserve for inward reinsurance	01.3		79,421,146,453	5,451,481,456
<b>2. Outward reinsurance premium (02 = 02.1-02.2)</b>	<b>02</b>	<b>19</b>	<b>1,040,594,562,581</b>	<b>1,076,496,869,623</b>
- Outward reinsurance premium	02.1		1,017,977,085,893	1,064,578,766,199
- (Decrease) in unearned premium reserve for outward reinsurance	02.2		(22,617,476,688)	(11,918,103,424)
<b>3. Net insurance premium (03 = 01-02)</b>	<b>03</b>		<b>682,702,523,422</b>	<b>569,523,629,369</b>
<b>4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)</b>	<b>04</b>		<b>263,646,714,680</b>	<b>249,243,853,435</b>
- Commission income from outward reinsurance	04.1		220,412,677,767	225,549,747,164
- Other income from insurance activities	04.2	20	43,234,036,913	23,694,106,271
<b>5. Net revenue from insurance activities (10=03+04)</b>	<b>10</b>		<b>946,349,238,102</b>	<b>818,767,482,804</b>
<b>6. Claim settlement expenses (11=11.1)</b>	<b>11</b>		<b>789,549,153,632</b>	<b>912,490,342,387</b>
- Total claim settlement expenses	11.1		789,549,153,632	912,490,342,387
7. Claim receipts from ceded policies	12		525,294,744,748	661,401,116,713
8. Increase/(Decrease) in claim reserve for inward reinsurance	13		152,045,023,518	(66,364,159,211)
9. Increase/(Decrease) in claim reserve for outward reinsurance	14		89,347,023,080	(117,251,096,612)
<b>10. Total insurance claim settlement expenses (15=11-12+13-14)</b>	<b>15</b>	<b>21</b>	<b>326,952,409,322</b>	<b>301,976,163,075</b>
11. Increase in catastrophe reserve	16		(2,957,100,174)	(1,159,104,130)
<b>12. Other expenses for insurance activities (17=17.1+17.2)</b>	<b>17</b>		<b>487,264,760,592</b>	<b>396,342,476,750</b>
- Insurance commission expenses	17.1		444,199,301,119	364,407,391,143
- Other expenses for insurance activities	17.2	22	43,065,459,473	31,935,085,607
<b>13. Total expenses for insurance activities (18=15+16+17)</b>	<b>18</b>		<b>811,260,069,740</b>	<b>697,159,535,695</b>
<b>14. Gross profit from insurance activities (19=10-18)</b>	<b>19</b>		<b>135,089,168,362</b>	<b>121,607,947,109</b>

*The accompanying notes are an integral part of these consolidated financial statements*


**CONSOLIDATED INCOME STATEMENT (Continued)**

For the year ended 31 December 2018

**PART II - CONSOLIDATED INCOME STATEMENT BY ACTIVITY (Continued)**

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Restated)
15. Financial income	23	23	341,790,414,205	283,139,410,083
16. Financial expenses	24	24	105,792,480,302	71,557,509,884
<b>17. Gross profit from financial activities (25=23-24)</b>	<b>25</b>		<b>235,997,933,903</b>	<b>211,581,900,199</b>
18. General and administration expenses	26	25	79,308,545,263	65,772,157,874
<b>19. Net profit from operating activities (30=19+25-26)</b>	<b>30</b>		<b>291,778,557,002</b>	<b>267,417,689,434</b>
20. Other income	31		23,106,948,721	13,873,260,888
21. Other expenses	32		2,111,413,225	2,562,981,893
<b>22. Profit from other activities (40=31-32)</b>	<b>40</b>		<b>20,995,535,496</b>	<b>11,310,278,995</b>
23. Share of net profits of associate	40.1		45,996,806,101	35,530,846,532
24. (Loss) on pilot agricultural insurance activities	40.2	27	(350,253,371)	(182,695,993)
25. Profit from offshore fishing vessel insurance	40.3	28	-	3,405,849,758
<b>26. Accounting profit before tax (50=30+40+40.1+40.2-40.3)</b>	<b>50</b>		<b>358,420,645,228</b>	<b>310,670,269,210</b>
27. Current corporate income tax expense	51	29	56,371,693,806	51,444,421,276
28. Deferred corporate tax (income)	52	29	-	(7,280,835)
<b>29. Profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>302,048,951,422</b>	<b>259,233,128,769</b>
<i>Attributable to:</i>				
Shareholders of the Corporation	61		296,697,159,960	258,776,595,581
Non-controlling interests	62		5,351,791,462	456,533,188
<b>30. Basic earnings per share</b>	<b>70</b>	<b>30</b>	<b>2,204</b>	<b>1,918</b>

  
\_\_\_\_\_  
**Nguyen Thanh Cong**  
Preparer

  
\_\_\_\_\_  
**Luu Thi Viet Hoa**  
Chief Accountant

  
\_\_\_\_\_  
**Pham Cong Tu**  
General Director

Hanoi, 04 March 2019

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT**  
(Direct method)

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. Cash flows from operating activities</b>			
1. Receipts from inward and outward insurance activities	01	606,910,150,166	533,204,857,219
2. Payments for inward and outward insurance activities	02	(391,179,614,446)	(407,474,865,993)
3. Payments for employees	03	(43,176,792,323)	(41,174,387,774)
4. Payments for corporate income tax	05	(44,451,616,560)	(55,333,972,740)
5. Receipts from other activities	06	6,173,142,666	10,102,331,534
6. Payments for other activities	07	(26,396,502,551)	(32,844,593,581)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>107,878,766,952</b>	<b>6,479,368,665</b>
<b>II. Cash flows from investing activities</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(931,123,000)	(46,000,000)
2. Cash outflow for lending, buying debt instruments of other entities	23	(2,010,591,799,345)	(926,015,815,350)
3. Cash received from lending, selling debt instruments of other entities	24	1,694,492,222,836	958,110,175,535
4. Cash recovered from investments in other entities	26	8,069,200,447	2,695,000,000
5. Interest earned, dividends and profits received	27	251,923,322,194	210,673,118,828
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(57,038,176,868)</b>	<b>245,416,479,013</b>
<b>III. Cash flows from financing activities</b>			
1. Dividends and profits paid	36	(157,494,540,400)	(157,291,124,400)
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>(157,494,540,400)</b>	<b>(157,291,124,400)</b>
<b>Net (decrease)/increase in cash (50 = 20+30+40)</b>	<b>50</b>	<b>(106,653,950,316)</b>	<b>94,604,723,278</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>169,817,165,145</b>	<b>75,029,558,127</b>
Effects of changes in foreign exchange rates	61	640,014,447	182,883,740
<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>70</b>	<b>63,803,229,276</b>	<b>169,817,165,145</b>

  
**Nguyen Thanh Cong**  
Preparer

  
**Luu Thi Viet Hoa**  
Chief Accountant

  
**Pham Cong Tu**  
General Director

Hanoi, 04 March 2019

The accompanying notes are an integral part of these consolidated financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)*

**1. GENERAL INFORMATION****Structure of ownership**

Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") was incorporated under Establishment and Operation License No. 28/GP/KDBH dated 15 November 2004 issued by the Ministry of Finance and Amended License No. 28/GPDC4/KDBH dated 12 August 2014.

The number of employees as at 31 December 2018 was 101 (31 December 2017: 101).

**Operating industry and principal activities**

The operating industry and principal activities of the Corporation are to provide reinsurance services, to make financial investments and perform other activities permitted by law.

**Normal operating cycle**

The Corporation's normal operating cycle is carried out for a time period of 12 months or less.

**The Corporation's structure**

As at 31 December 2018, the Corporation has a subsidiary namely Vinare Investment Joint Stock Company with the Corporation's proportions of ownership interest and voting power held of 63.9% each.

As at 31 December 2018, the Corporation has an associate namely Samsung Vina Insurance Company Limited with the Corporation's proportion of ownership interest and voting power held of 25% each.

**Disclosure of information comparability in the consolidated financial statements**

The comparative figures are the figures of the Corporation's audited consolidated financial statements for the year ended 31 December 2017. Some prior year's figures are restated for the comparative purpose as disclosed in Note 36.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR****Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to consolidated financial reporting.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.



## **Financial instruments**

### ***Initial recognition***

#### *Financial assets*

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash, cash equivalents, short-term trade receivables, short-term and long-term financial investments.

#### *Financial liabilities*

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade payables, other payables and long-term deposits received.

### ***Subsequent measurement after initial recognition***

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

## **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Provision for doubtful debts is estimated as follows:

With regard to customers with total reinsurance-related receivables balance less than total reinsurance-related payables balance, no provision should be made. In the contrary case, the Corporation will offset the reinsurance-related payables balance with the reinsurance-related receivables balance based on the principle of offsetting the ones that have been overdue for the longest time to the shortest time. The outstanding balance by client after offsetting, according to Circular No. 228/2009/TT-BTC dated 07 December 2009, will be subject to provision for doubtful debts on the following basis:

- No provision is made for accounts receivable overdue for less than 06 months;
- For accounts receivable overdue from 06 to less than 12 months, the provision is made at the rate of 30%;
- For accounts receivable overdue from 12 to less than 24 months, the provision is made at the rate of 50%;



- For accounts receivable overdue from 24 to less than 36 months, the provision is made at the rate of 70%;
- For accounts receivable overdue for 36 months or more, the provision is made at the rate of 100%.

**Swap contracts**

Swap contracts are agreements to settle in cash at a future date based on predetermined foreign exchange rate. As at inception date of agreements, the Corporation pays an original amount denominated in foreign currency to counterparty and records this amount in account receivable. Simultaneously, the Corporation records an amount denominated in VND from the counterparty in accounts payable. Gain/loss from swap contracts are recognized in the consolidated income statement over the terms of agreements.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

	<b>Current year (Years)</b>
Buildings, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

**Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets represent reinsurance software, which is amortized using the straight-line method over the estimated useful life of 5 years.

**Financial investments**

***a. Trading securities***

Trading securities are those the Corporation holds for trading purposes. Trading securities are initially recognized from the date the Corporation obtains the ownership of those securities and initially measured at the fair value of payments made at the transaction date plus directly attributable transaction costs.

In the subsequent financial years, investments in trading securities are measured at cost less provision for impairment of such investments.

***b. Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Corporation has the positive intent and ability to hold to maturity. Held-to-maturity investments include term deposits and other held-to-maturity investments.

Held-to-maturity investments are recognized on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognized in the consolidated income statement on an accrual basis. Pre-acquisition accrued interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

***c. Equity investments in other entities***

Equity investments in other entities represent the Corporation's equity investments in ordinary shares of the entities over which that the Corporation has no control, joint control or significant influence.

Equity investments in other entities are stated at cost less provision for impairment of the investments.

***d. Provision for impairment of financial investments***

Provision for impairment of financial investments is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**Investment properties**

Investment properties, which are composed of office buildings held by the Corporation to earn rentals, are stated at cost less accumulated depreciation. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25 years.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple financial years. Prepayments comprise costs of tools and supplies issued for consumption, unallocated commission expenses and other expenses which are expected to provide future economic benefits to the Corporation. These expenditures have been capitalised as prepayments, and are allocated to the consolidated income statement using the straight-line method for the period over which the expected future economic benefits flow to the Corporation.

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### **Payable provisions**

Payable provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the Board of General Directors' best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date.

### **Insurance deposits**

The Corporation is obliged to pay a deposit equal to 2% of the legal capital and the deposit shall bear interest in accordance with the agreement reached with the bank to which it is paid and the Corporation may withdraw the whole amount of their deposit upon termination of its operation. The Corporation may only use its insurance deposit to meet undertakings to purchasers of insurance when its solvency is inadequate and upon written approval of the Ministry of Finance.

### **Revenue recognition**

Inward reinsurance premium is recognised at the establishment of contractual agreement and following the statement of accounts agreed by the Corporation and the re-insurers. Outward reinsurance premium is recognised when the Corporation receives an acceptance statement of the re-insurer following the respective reinsurance notices issued by the Corporation. Such recognition is in conformity with regulations of financial regime applicable to insurance enterprises.

Commission income and other incomes from reinsurance activities are recorded on accrual basis. In the year, the entire outward reinsurance premium under outward reinsurance contracts signed in accordance with regulations of the applicable financial regime is presented in the "Commission income from outward reinsurance" item.

At the year end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this period so as to allocate such commission income to the subsequent financial years. For outward reinsurance contracts with terms of 01 year or less, 25% rate method is applied for cargo insurance and 50% rate method for other kinds of insurance. For those with terms of more than 01 year, 55% rate method is applied for all kinds of insurance.

Income from stock investments is recognised upon a notification of profit-sharing released by the investee.

Interest income from deposits, public bonds, bank debentures, Government bonds, and loans is recognised when incurred.

Income from office leasing is recognised when incurred.

### **Expenditures**

Claim settlement expenses for direct insurance are recorded as incurred, when the Corporation accepts to settle the insured's claims following respective settlement notice.

Claim settlement expenses for inward reinsurance are recorded as incurred following the statement of accounts the reinsurers send to the Corporation and the claim is accepted by the Corporation. Claim receipts from ceded policies are recognized based on the receivable amount incurred corresponding with the claim settlement expenses recorded in the year and the ceded ratios.

Commission expenses for inward reinsurance are recognized corresponding to inward reinsurance premium incurred. In the year, the entire commission expenses for inward reinsurance under inward reinsurance contracts signed in accordance with regulations of the financial regime are presented in the "Commission expenses for inward reinsurance" item.

At the year end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the year yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent financial years. For inward reinsurance contracts with terms of 01 year or less, 25% rate method is applied for cargo insurance and 50% rate method for other kinds of insurance. For those with terms of more than one year, 55% rate method is applied for all kinds of insurance.

#### **Foreign currencies**

- The Corporation applies an accounting exchange rate of 22,700 VND/USD in the year (for the year ended 31 December 2017: 22,500 VND/USD) to transactions arising in foreign currencies during the year. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the payment date. Exchange differences arising from such transactions are recorded in the consolidated income statement.
- Liabilities and receivables relating to recognition of revenue and expenses from reinsurance for the year denominated in USD: At the balance sheet date, balances of receivables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 23,145 VND/USD (as at 31 December 2017: 22,655 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 23,245 VND/USD (as at 31 December 2017: 22,735 VND/USD). Exchange differences arising from such transactions are recorded in the consolidated income statement.
- Liabilities and receivables relating to recognition of revenue and expense from reinsurance for the year denominated in currencies other than USD at the balance sheet date are translated into USD at the accounting exchange rate. At the balance sheet date, balances of receivables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s buying exchange rate of 23,145 VND/USD (as at 31 December 2017: 22,655 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 23,245 VND/USD (as at 31 December 2017: 22,735 VND/USD). Exchange differences arising from such transactions are recorded in the consolidated income statement.
- With regard to monetary assets, receivables and liabilities denominated in foreign currencies that are not related to recognition of revenue and expense for the year, the Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" issued by the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchanges differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

### **Enterprise funds**

The compulsory reserve fund is made up at the rate of 5% of the Corporation's profit after tax until it is equal to 10% of the Corporation's charter capital.

Investment and development fund is appropriated from profit after tax and used for business extension or in-depth investment.

All profits are used to pay dividends to shareholders, and allocate to compulsory reserve fund, investment and development fund and bonus and welfare funds. The allocation ratio shall be decided by the shareholders at the General Shareholder's meeting at the request of the Board of Management. However, according to the Corporation's Charter, the Board of Management may pay interim dividends if they are certain about the profit of the Corporation.

### **Under-writing reserves**

On 12 March 2018, the Ministry of Finance issued Official Letter No. 2713/BTC-QLBH on the approval of registration of the method to make reserves for insurance transactions of the Corporation since 2017. Accordingly, under-writing reserves of the Corporation in the year are made as follows:

#### ***Premium reserve:***

Provision for premium inward and outward reserves with reinsurance contracts which last for one year or less is provided for at 25% of the inward reinsurance premium and outward reinsurance premium for the period for all types of cargo insurance (by land, seaway, waterway, railway and airway) and at 50% of the inward reinsurance premium and outward reinsurance premium for other types.

Provision for premium inward and outward reserves with reinsurance contracts which last for over one year is provided for at 55% of the inward reinsurance premiums of these contracts.

#### ***Claim reserves:***

- For losses that have been incurred and reported, the Corporation makes compensation reserves for inward reinsurance and outward reinsurance by the case by case method based on the level of responsibility to the losses that have been incurred and reported.
- For claim reserve for inward reinsurance and outward reinsurance for losses that have been incurred but not yet reported (IBNR), the Corporation applies the rate of 5% of the inward reinsurance premium and outward reinsurance premium for the year over all types of insurance.

***Catastrophe reserve:*** This reserve is made annually under statistical method, at a rate of 2% of the retained premium rate of all transactions until it reaches 100% of the premium retained in the year.

#### ***Balance assurance reserve:***

*Life reinsurance reserve:* is made annually at the rate of 1% on profit before tax of Corporation until it reaches 5% of life inward premium in the financial year.

*Health-care reinsurance reserve:* is made annually at the rate of 2% of retained premium for all transactions until it reaches 100% of retained premium in the financial year according to Circular No. 50/2017/TT-BTC of Ministry of Finance dated 15 May 2017, which was effective from 01 July 2017.

In the year, the Corporation has made the provision for balance assurance reserve with total amount of VND 68,660,503 and recognised on Catastrophe Reserve item with a separate line.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard No. 19 - "Insurance Contract" and Decision No. 100/2005/QD-BTC, effective from 2006. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves, including catastrophe reserve, for future claim compensation if claims are not incurred on the balance sheet date, which included Catastrophe reserve. Currently, in accordance with guidance under Decree No. 73/2016/ND-CP issued by the Government dated 01 July 2016, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made catastrophe reserve for the year ended 31 December 2018 should be more prudent than what is regulated in VAS 19.

Reserves for the Corporation's outward/inward reinsurance should be presented under separate items in the consolidated balance sheet. Accordingly, unearned premium reserve and claim reserve for inward reinsurance and catastrophe reserve are recognized as payables while unearned premium reserve for outward reinsurance and claim reserve for outward reinsurance are recognized as reinsurance assets.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	1,163,164,124	996,614,032
Bank demand deposits	45,640,065,152	65,820,551,113
Cash equivalents	17,000,000,000	103,000,000,000
	<u><b>63,803,229,276</b></u>	<u><b>169,817,165,145</b></u>

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Historical cost VND	Fair value VND	Historical cost VND	Fair value VND
<b>a) Trading securities</b>	<b>173,907,022</b>	<b>-</b>	<b>255,297,398</b>	<b>79,125,000</b>
- Total value of stocks	173,907,022	-	255,297,398	79,125,000
+ Thang Long Telecommunications Joint Stock Company (TLC)	173,907,022	-	173,907,022	-
+ HUDI Investment and Construction Joint Stock Company (HU1)	-	-	81,390,376	79,125,000
<b>b) Held-to-maturity investments</b>	<b>2,940,964,632,788</b>		<b>2,613,955,680,454</b>	
<b>b1) Short-term</b>	<b>2,437,930,762,313</b>		<b>2,218,147,811,835</b>	
- Short-term deposits (i)	2,311,100,000,000	-	1,992,300,000,000	-
- Bonds (iii)	-	-	50,000,000,000	-
- Other investments	126,830,762,313	(4,775,076,928)	175,847,811,835	-
+ Entrustment investment	126,830,762,313	(4,775,076,928)	175,847,811,835	-
<b>b2) Long-term</b>	<b>503,033,870,475</b>	<b>(4,458,755,507)</b>	<b>395,807,868,619</b>	
- Long-term deposits (ii)	129,000,000,000	-	80,000,000,000	-
- Bonds (iii)	220,000,000,000	-	220,000,000,000	-
- Entrustment investments (iv)	148,212,664,412	(4,458,755,507)	89,486,662,556	-
- Other long-term investments	5,821,206,063	-	6,321,206,063	-
<b>c) Equity investments in other entities</b>	<b>721,209,255,147</b>		<b>698,167,666,956</b>	<b>(2,737,031,437)</b>
- Investments in associate	258,842,891,150	-	227,722,596,956	-
- Investments in other entities (v)	462,366,363,997	-	470,445,070,000	(2,737,031,437)



- (i) Short-term deposits represent deposits with original terms of over 3 months and remaining maturities as at 31 December 2018 of under 12 months at domestic commercial banks, with interest rates from 6.5 % to 7.6% per annum.
- (ii) Long-term deposits represent term deposits with remaining maturities of more than 12 months at domestic commercial banks, with interest rates from 7.4% to 7.8% per annum.
- (iii) Bonds include corporate bonds and Government bonds with the maturities from 01 year to 05 years and interest rates from 7.25% to 9.5% per annum.
- (iv) Entrustment investments represent investments under trust contracts signed with Vietcombank Fund Management, Bao Viet Fund Management Limited and Saigon Securities Incorporation under which, the Corporation shall bear all risks related to the escrow account.
- (v) Investments in other entities include any investments in other companies over which the Corporation does not have the right to control or significant influence. Details of share capital contributions are as follows:

Equity investments in:	Proportion of ownership interest as at 31/12/2018	Closing balance	Opening balance
		VND	VND
Petrolimex Insurance Joint Stock Corporation	7.02%	59,210,563,997	59,289,270,000
Post and Telecommunication Joint Stock Insurance Corporation	4.42%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.05%	10,139,800,000	10,139,800,000
Global Insurance Joint Stock Company	5.50%	17,600,000,000	17,600,000,000
Phu Hung Insurance Joint Stock Company	0.00%	-	8,000,000,000
Agriculture Bank Insurance Joint Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Hung Vuong Insurance Joint Stock Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	4.49%	275,000,000,000	275,000,000,000
		<b>462,366,363,997</b>	<b>470,445,070,000</b>

At the date of these consolidated financial statements, the Corporation has assessed and made provision for impairment of equity investments as at 31 December 2018 based on the investees' financial statements for the year ended 31 December 2018. For investees whose financial statements for the year ended 31 December 2018 have not been available yet, the Corporation used the latest financial statements collected for assessment. Information on bonus shares received as at 31 December 2018 of these investees are as follows:

	Par value	Number of shares
Petrolimex Insurance Joint Stock Corporation	10,000	353,056
Tien Phong Commercial Joint Stock Bank	10,000	10,934,500
Post and Telecommunication Joint Stock Insurance Corporation	10,000	381,024
Sai Gon - Ha Long Hotel	10,000	96,000

Details of the associate of the Corporation as at 31 December 2018 are as follows:

Associate	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting rights held	Principal activity
Samsung Vina Insurance Company Limited	Ho Chi Minh City, Viet Nam	25%	25%	Non-life insurance

Summary of financial information about Samsung Vina Insurance Company Limited is presented as follows:

	Closing balance	Opening balance
	VND	VND
Total assets	1,949,035,135,835	1,809,160,075,008
Total liabilities	913,663,571,234	898,269,687,183
Net assets	1,035,371,564,601	910,890,387,825
<b>The Corporation's share of the associate's net assets</b>	<b>258,842,891,150</b>	<b>227,722,596,956</b>
	<b>Current year</b>	<b>Prior year</b>
	VND	VND
Revenue	365,822,544,783	324,444,264,246
Net profit	183,987,224,403	142,123,386,128
<b>The Corporation's share of the associate's net profit</b>	<b>45,996,806,101</b>	<b>35,530,846,532</b>
	<b>Current year</b>	<b>Prior year</b>
	VND	VND
<b>Opening balance</b>	<b>227,722,596,956</b>	<b>202,802,787,058</b>
The Corporation's share of the associate's net profit	45,996,806,101	35,530,846,532
Dividends received	(14,876,511,907)	(10,611,036,634)
<b>Closing balance</b>	<b>258,842,891,150</b>	<b>227,722,596,956</b>

Summary of the performance of the associate in the year: the Corporation's associate had stable operation under registered operation sectors.

- The significant transactions between the Corporation and its associate in the year are as follows:
  - + Between the Corporation and Samsung Vina Insurance Company Limited: there were transactions of inward/ outward reinsurance premium, inward/outward reinsurance commissions and outward/inward reinsurance claim and dividend payment.

**The fair value of these investments is determined as follows:**

- The fair value of trading securities actively traded on financial markets is determined according to the closing price of the reporting date.
- At the reporting date, the Corporation did not determine the fair value of other investments due to lack of market information for fair value determination.

**6. INVENTORIES**

Inventories represent values of apartments which are used for offsetting debts of Corporation's subsidiary that is Vinare Invest JSC (Vinare Invest) to VT Construction & Trade JSC. Of which, nine (9) apartments with total values of VND 36,895,972,638 are owned by Vinare Invest at Hanoi Paragon Project – Dich Vong Hau Urban Area, Cau Giay District, Hanoi. The Corporation has provided for devaluation of inventories in accordance with Certificate of Valuation No.070119/CT-TLVC-VNRI dated 07 January 2019 of Thang Long Valuation and Consulting Joint Stock Company. Two (2) apartments with values of VND 8,115,502,000 are owned by investors of Hanoi Paragon Project – Dich Vong Hau Urban Area, Cau Giay District, Hanoi City.

**7. SHORT-TERM TRADE RECEIVABLES**

	Closing balance	Opening balance (Restated)
	VND	VND
Receivables from insurance contracts	566,851,827,024	770,606,426,398
- Receivables from inward reinsurance	320,685,835,997	406,638,207,558
- Receivables from outward reinsurance	239,238,644,441	352,996,526,545
- Other receivables from reinsurance activities	6,927,346,586	10,971,692,295
Other trade receivables	323,981,700,719	324,126,551,319
- Interest receivables on investments	92,349,846,574	97,504,409,209
- Other receivables related to swap contracts	231,450,000,000	226,550,000,000
- Other receivables	181,854,145	72,142,110
	<b>890,833,527,743</b>	<b>1,094,732,977,717</b>

**8. PREPAID EXPENSES**

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>	<b>249,259,411,914</b>	<b>187,931,351,792</b>
Unallocated commission expenses	244,016,133,558	185,674,353,313
- Opening balance	185,674,353,313	162,868,724,418
- Unallocated commission expenses incurred in the year	502,541,081,364	387,213,020,038
- Commission expenses allocated in the year	444,199,301,119	364,407,391,143
- Closing balance	244,016,133,558	185,674,353,313
Other prepaid expenses	5,243,278,356	2,256,998,479
<b>b) Long-term</b>	<b>2,978,239,544</b>	<b>1,168,826,614</b>
Golf card expenses	1,040,980,964	1,097,999,722
Other long-term prepaid expenses	1,937,258,580	70,826,892
	<b>252,237,651,458</b>	<b>189,100,178,406</b>

**9. OTHER LONG-TERM ASSETS**

	Closing balance	Opening balance (Restated)
	VND	VND
Paragon Tower Project	-	21,283,552,000
Tincom Plaza (360 Giai Phong Road) Project	75,142,258,228	68,007,583,333
	<b>75,142,258,228</b>	<b>89,291,135,333</b>

Other long-term assets represent long-term deposits for contracts on properties purchase. The Board of General Directors has evaluated and believed there is no significant in impairment of the deposits.

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION  
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10. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

COST	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
	VND	VND	VND	VND	VND
Opening balance	15,170,997,037	2,980,277,071	6,714,092,474	285,540,454	25,150,907,036
New purchases	-	-	236,800,000	476,687,026	713,487,026
Other decreases	-	-	-	(46,443,181)	(46,443,181)
<b>Closing balance</b>	<b>15,170,997,037</b>	<b>2,980,277,071</b>	<b>6,950,892,474</b>	<b>715,784,299</b>	<b>25,817,950,881</b>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	10,463,830,196	2,894,518,009	6,342,668,544	284,126,079	19,985,142,828
Depreciation for the year	537,961,925	85,759,062	377,432,205	17,303,941	1,018,457,133
Other decreases	(401,092,466)	-	-	(46,443,181)	(447,535,647)
<b>Closing balance</b>	<b>10,600,699,655</b>	<b>2,980,277,071</b>	<b>6,720,100,749</b>	<b>254,986,839</b>	<b>20,556,064,314</b>
<b>NET BOOK VALUE</b>					
Opening balance	4,707,166,841	85,759,062	371,423,930	1,414,375	5,165,764,208
Closing balance	4,570,297,382	-	230,791,725	460,797,460	5,261,886,567

As at 31 December 2018, the total historical cost of tangible fixed assets includes VND 9,410,002,330 of fixed assets which have been fully depreciated but are still in use (as at 31 December 2017: VND 7,361,530,620).

11. INCREASE, DECREASE IN INTANGIBLE ASSETS

The balance of intangible assets as at 31 December 2018 mainly represents cost and accumulated amortisation of reinsurance software. As at 31 December 2018, the total historical cost of intangible fixed assets includes VND 32,206,595,934 which have been fully amortised but are still in use.

12. INCREASE, DECREASE IN INVESTMENT PROPERTY

Items	Closing balance	Increase	Opening balance
	VND	VND	VND
<b>Investment properties held to earn rentals</b>			
<b>Cost</b>	<b>34,055,061,893</b>	-	<b>34,055,061,893</b>
- Building (i)	34,055,061,893	-	34,055,061,893
<b>Accumulated depreciation</b>	<b>23,071,672,598</b>	<b>319,362,079</b>	<b>23,391,034,677</b>
- Building (i)	23,071,672,598	319,362,079	23,391,034,677
<b>Net book value</b>	<b>10,983,389,295</b>	-	<b>10,664,027,216</b>
- Building	10,983,389,295	-	10,664,027,216

(i) Represent the cost and accumulated depreciation of the building at No. 141 Le Duan Street, corresponding to the lease area.

According to Vietnamese Accounting Standard No. 05 - *Investment Properties*, fair value of investment property as at 31 December 2018 is required to be disclosed. As assessed by the management, the value of the Corporation's investment property in accounting records has represented its fair value.

13. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
Payables of insurance contracts	505,215,065,621	693,969,225,780
- Payables for inward reinsurance activities	191,437,179,471	226,225,807,240
- Payables for outward reinsurance activities	306,084,713,736	462,323,685,555
- Other payables for reinsurance activities	7,693,172,414	5,419,732,985
Other trade accounts payable	235,682,981,374	242,337,922,485
- Temporary Withholding Tax collection (2% of overseas reinsurance fee)	-	7,348,701,506
- Other payables related to swap contracts	233,378,186,000	232,719,405,000
- Other payables	2,304,795,374	2,269,815,979
	<b>740,898,046,995</b>	<b>936,307,148,265</b>

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
Value added tax on domestic sales	315,112,708	1,318,846,673	1,433,476,669	200,482,712
Corporate income tax	4,592,109,887	56,371,693,806	44,451,616,560	16,512,187,133
Personal income tax	412,341,746	6,312,932,734	6,696,964,850	28,309,630
Business license tax	-	4,000,000	4,000,000	-
Other taxes and charges payable	98,442,682	866,459,356	856,767,235	108,134,803
	<b>5,418,007,023</b>	<b>64,873,932,569</b>	<b>53,442,825,314</b>	<b>16,849,114,278</b>

15. OTHER PAYABLES

	Closing balance	Opening balance (Restated)
	VND	VND
<b>a) Short-term</b>	<b>155,213,688,434</b>	<b>269,533,342,640</b>
Unearned commission income	107,386,456,892	110,592,257,769
- Opening balance	110,592,257,769	112,089,806,982
- Unearned commission income incurred in the year	217,206,876,890	224,052,197,951
- Commission income allocated in the year	220,412,677,767	225,549,747,164
- Closing balance	107,386,456,892	110,592,257,769
Other current payables	47,827,231,542	158,941,084,871
Dividends payable	-	131,075,937,000
Other payables	47,827,231,542	27,865,147,871
<b>b) Long-term</b>	<b>2,699,736,765</b>	<b>2,327,881,984</b>
Long-term deposits	2,699,736,765	2,327,881,984
	<b>157,913,425,199</b>	<b>271,861,224,624</b>

16. UNDER-WRITING RESERVES

Claim reserve and Unearned premium reserve	Closing balance		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
<b>I. Normal activities</b>			
1. Claim reserve	1,655,328,799,365	1,146,291,214,236	509,037,585,129
Reserve for losses incurred and reported	1,565,192,887,741	1,095,392,359,939	469,800,527,802
Reserve for losses incurred not yet reported	90,135,911,624	50,898,854,297	39,237,057,327
2. Unearned premium reserve	874,337,219,111	503,493,352,619	370,843,866,492
<b>II. Pilot agricultural insurance activities</b>			
1. Claim reserve	13,018,301,080	11,772,813,977	1,245,487,103
Reserve for losses incurred and reported	13,018,301,080	11,772,813,977	1,245,487,103
2. Unearned premium reserve	-	-	-
	<b>2,542,684,319,556</b>	<b>1,661,557,380,832</b>	<b>881,126,938,724</b>

In which:

Claim reserve	Current year		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
<b>I. Normal activities</b>			
Opening balance	1,503,283,775,847	1,056,944,191,156	446,339,584,691
Increase in the year	152,045,023,518	89,347,023,080	62,698,000,438
<b>II. Pilot agricultural insurance activities</b>			
Opening balance	8,877,885,734	8,028,695,528	849,190,206
Increase in the year	4,140,415,346	3,744,118,449	396,296,897
<b>Closing balance</b>	<b>1,668,347,100,445</b>	<b>1,158,064,028,213</b>	<b>510,283,072,232</b>

Unearned premium reserve	Current year		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	Net unearned inward reinsurance premium reserve
	VND	VND	VND
<b>I. Normal activities</b>			
Opening balance	794,916,072,658	526,110,829,307	268,805,243,351
Increase in the year	79,421,146,453	-22,617,476,688	102,038,623,141
<b>II. Pilot agricultural insurance activities</b>			
Opening balance	-	-	-
Provision for/(Reversal) in the ye	-	-	-
<b>Closing balance</b>	<b>874,337,219,111</b>	<b>503,493,352,619</b>	<b>370,843,866,492</b>

Catastrophe reserve	Current year	Prior year
	VND	VND
<b>I. Normal activities</b>		
Opening balance	181,562,544,622	182,721,648,752
Increase in the year	14,042,899,826	11,840,895,870
Use in the year	(17,000,000,000)	(13,000,000,000)
<b>II. Pilot agricultural insurance activities</b>		
Opening balance	8,876,683,166	8,876,683,166
Increase in the year	-	-
<b>III. Offshore fishing vessel insurance activities</b>		
Opening balance	3,405,849,758	-
Increase in the year	-	3,405,849,758
<b>Closing balance</b>	<b>190,887,977,372</b>	<b>193,845,077,546</b>

17. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Investment and development fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
<b>For the year ended 31 December 2017</b>						
Opening balance	1,310,759,370,000	566,368,537,309	196,247,856,004	114,427,745,725	537,098,212,962	2,724,901,722,000
Profit for the year	-	-	-	-	258,776,595,581	258,776,595,581
Profit distribution to funds	-	-	4,708,237,473	11,770,593,681	(23,815,642,130)	(7,336,810,976)
Dividends declared	-	-	-	-	(288,367,061,400)	(288,367,061,400)
<b>Closing balance</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>200,956,093,477</b>	<b>126,198,339,406</b>	<b>483,692,105,013</b>	<b>2,687,974,445,205</b>
<b>For the year ended 31 December 2018</b>						
Opening balance	1,310,759,370,000	566,368,537,309	200,956,093,477	126,198,339,406	483,692,105,013	2,687,974,445,205
Profit for the year	-	-	-	-	296,697,159,960	296,697,159,960
Profit distribution to funds (i)	-	-	5,121,527,801	4,877,597,594	(17,866,871,134)	(7,867,745,739)
Dividends declared (i)	-	-	-	-	(26,215,187,400)	(26,215,187,400)
Other decreases	-	-	-	-	(421,202,827)	(421,202,827)
<b>Closing balance</b>	<b>1,310,759,370,000</b>	<b>566,368,537,309</b>	<b>206,077,621,278</b>	<b>131,075,937,000</b>	<b>735,886,003,612</b>	<b>2,950,167,469,199</b>

(i) According to Resolution No. 04/2018/NQ-DHDCD dated 19 April 2018 by the Annual Shareholders' General Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the dividend payment for the year 2017 to the shareholders at the rate of 12% of owner's contributed capital from the retained earnings, which is equivalent to VND 157,291,124,400, 10% of which, equivalent to VND 131,075,937,000, was declared during 2017. Simultaneously, the Corporation made temporary distribution of VND 17,866,871,134 to the funds from the profit. The final decision on profit distribution for the year 2018 shall be made in the 2019 Annual General Shareholders' Meeting.



**Owners' contributed capital**

As at 31 December 2018, the total capital actually contributed by shareholders and share premium are as follows:

	Contributed capital			
	Closing balance		Opening balance	
	VND	Proportion	VND	Proportion
<b>Owners' contributed capital</b>	<b>1,310,759,370,000</b>	<b>100.00%</b>	<b>1,310,759,370,000</b>	<b>100.00%</b>
State Capital Investment Corporation	529,060,350,000	40.36%	529,060,350,000	40.36%
Swiss Re Group	327,689,890,000	25.00%	327,689,890,000	25.00%
Other shareholders	454,009,130,000	34.64%	454,009,130,000	34.64%
<b>Share premium</b>	<b>566,368,537,309</b>		<b>566,368,537,309</b>	
	<b>1,877,127,907,309</b>		<b>1,877,127,907,309</b>	

**Shares**

	Closing balance	Opening balance
Number of shares registered to issue	131,075,937	131,075,937
Number of outstanding shares in circulation	131,075,937	131,075,937
<i>Common shares</i>	<i>131,075,937</i>	<i>131,075,937</i>

A common share has par value of VND 10,000.

**18. INSURANCE PREMIUM**

	Current year	Prior year
	VND	VND
Inward reinsurance premium	1,832,610,622,014	1,690,815,992,595
<i>Energy insurance</i>	<i>3,132,763,224</i>	<i>6,806,614,772</i>
<i>Hull and P&amp;I insurance</i>	<i>293,397,192,253</i>	<i>277,388,735,520</i>
<i>Cargo insurance</i>	<i>136,254,411,170</i>	<i>133,465,477,927</i>
<i>Engineering insurance</i>	<i>206,194,254,041</i>	<i>226,764,842,477</i>
<i>Fire and property insurance</i>	<i>517,606,173,561</i>	<i>480,456,349,361</i>
<i>Aviation insurance</i>	<i>29,317,973,712</i>	<i>38,517,756,317</i>
<i>Other insurance</i>	<i>646,707,854,053</i>	<i>527,416,216,221</i>
Deductions in inward reinsurance premium	(29,892,389,558)	(39,344,012,147)
Increase in unearned premium reserve for inward reinsurance	79,421,146,453	5,451,481,456
	<b>1,723,297,086,003</b>	<b>1,646,020,498,992</b>

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**19. OUTWARD REINSURANCE PREMIUM**

	Current year	Prior year
	VND	VND
Total outward reinsurance premium	1,034,662,196,274	1,089,370,035,530
<i>Energy insurance</i>	2,792,256,827	4,821,544,817
<i>Hull and P&amp;I insurance</i>	208,895,373,640	198,567,268,013
<i>Cargo insurance</i>	30,439,909,973	30,352,354,227
<i>Engineering insurance</i>	84,779,560,499	87,609,431,526
<i>Fire and property insurance</i>	369,468,154,840	351,618,883,867
<i>Aviation insurance</i>	27,416,546,193	36,797,267,547
<i>Other insurance</i>	310,870,394,302	379,603,285,533
Deductions in outward reinsurance premium	(16,685,110,381)	(24,791,269,331)
(Decrease) in unearned premium reserve for outward reinsurance	(22,617,476,688)	(11,918,103,424)
	<b>1,040,594,562,581</b>	<b>1,076,496,869,623</b>

**20. OTHER INCOME FROM INSURANCE ACTIVITIES**

	Current year	Prior year (Restated)
	VND	VND
Other receipts from inward reinsurance activities	10,049,211,106	5,203,365,847
Other receipts from outward reinsurance activities	33,184,825,807	18,490,740,424
	<b>43,234,036,913</b>	<b>23,694,106,271</b>

**21. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES**

	Current year	Prior year (Restated)
	VND	VND
Claim settlement expenses	789,549,153,632	912,490,342,387
<i>Energy insurance</i>	3,299,453,975	6,768,176,833
<i>Hull and P&amp;I insurance</i>	122,748,970,362	101,994,299,381
<i>Cargo insurance</i>	41,862,934,223	24,452,817,681
<i>Engineering insurance</i>	105,337,971,247	148,762,545,303
<i>Fire and property insurance</i>	254,813,855,786	317,005,741,064
<i>Aviation insurance</i>	7,094,888,240	7,081,523,250
<i>Other insurance</i>	254,391,079,799	306,425,238,875
Claim receipts from ceded policies	525,294,744,748	661,401,116,713
Increase/(Decrease) in inward reinsurance claim reserve	152,045,023,518	(66,364,159,211)
Increase/(Decrease) in outward reinsurance claim reserve	89,347,023,080	(117,251,096,612)
	<b>326,952,409,322</b>	<b>301,976,163,075</b>

**22. OTHER EXPENSES FOR INSURANCE ACTIVITIES**

	Current year	Prior year (Restated)
	VND	VND
Other payments for inward reinsurance activiti	33,570,217,720	27,073,648,450
Other payments for outward reinsurance activ	9,495,241,753	4,861,437,157
	<b>43,065,459,473</b>	<b>31,935,085,607</b>

**23. FINANCIAL INCOME**

	Current year	Prior year
	VND	VND
Interest on time deposits	159,048,904,171	159,711,830,166
Dividends and profits received	16,313,250,400	17,479,443,238
Interest on bonds, commercial bills	20,917,712,327	14,655,154,796
Interest on entrusted investments	47,706,199,302	33,191,104,956
Gain on exchange differences	73,584,109,317	48,683,794,944
Profit from securities trading	73,157,997	7,669,212,445
Interest on demand deposits	248,638,415	256,532,648
Other financial income	23,898,442,276	1,492,336,890
	<b>341,790,414,205</b>	<b>283,139,410,083</b>

**24. FINANCIAL EXPENSES**

	Current year	Prior year
	VND	VND
Loss on exchange differences	77,527,836,534	48,423,299,800
Loss on securities trading	531,525	92,819,438
Provision for/(Reversal of) impairment of investments	1,152,694,300	(1,185,823,296)
Other financial expenses	27,111,417,943	24,227,213,942
	<b>105,792,480,302</b>	<b>71,557,509,884</b>

**25. GENERAL AND ADMINISTRATION EXPENSES**

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
Administrative staff expenses	53,127,253,711	52,268,700,760
Office expenses	472,613,263	558,494,564
Depreciation and amortisation	2,956,010,359	8,474,188,345
Taxes, fees and charges	755,798,781	1,137,282,003
Provision made/(reversed)	1,535,762,210	(18,226,169,611)
Out-sourced services	11,112,771,904	11,994,250,331
Expenses for business transactions, conferences, advertising	4,749,486,851	4,631,127,048
Other administration expenses	4,598,848,184	4,934,284,434
	<b>79,308,545,263</b>	<b>65,772,157,874</b>

**26. COST BY NATURE**

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>(Restated)</b>
		<b>VND</b>
Cost of insurance activities	811,260,069,740	697,159,535,695
Employee expenses	53,127,253,711	52,268,700,760
Depreciation and amortisation	2,956,010,359	8,474,188,345
Out-sourced services	11,112,771,904	11,994,250,331
Provision made/(reversed)	1,535,762,210	(18,226,169,611)
Other monetary expenses	10,576,747,079	11,261,188,049
	<b>890,568,615,003</b>	<b>762,931,693,569</b>

**27. PILOT AGRICULTURAL INSURANCE ACTIVITIES**

On 01 March 2011, the Prime Minister issued Decision No. 315/QD-TTg on the pilot provision of agricultural insurance during 2011 - 2013 with objectives to help agricultural producers take the initiative in remedying and recovering from financial losses caused by natural disasters or epidemics, contributing to assuring social welfare in rural areas and promoting agricultural production. According to the Decision, the Corporation has responsibilities to undertake agricultural reinsurance under the guidance of the Ministry of Finance.

On 17 August 2011, the Ministry of Finance issued Circular No. 121/2011/TT-BTC providing guidance on certain clauses of Decision No. 315/QD-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and the Corporation shall provide pilot agricultural insurance activities for non-profit purposes. Insurance enterprises have responsibilities to account for revenue and costs incurred from pilot agricultural insurance activities separately from other activities and any existing agricultural insurance activities. The retained insurance premium for the year, after deducting valid expenses, is supplemented to catastrophe reserve.

On 20 June 2012, the Ministry of Finance continued to issue Circular No. 101/2012/TT-BTC stipulating several financial issues for insurance enterprises and reinsurance enterprises who provide pilot agricultural insurance activities under Decision No. 315/QD-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and reinsurance enterprises have responsibilities to separately record the annual losses from their pilot agricultural insurance activities. Insurance enterprises and reinsurance enterprises shall account for losses from pilot agricultural insurance activities for the financial year in their income statements. In the case of losses incurred from pilot agricultural insurance activities, such losses will be carried forward to the following year as regulated by law. In this year, loss on pilot agricultural insurance activities was VND 350,253,371.

From 2012, the Corporation started undertaking pilot agricultural insurance activities. Accumulated loss as at 31 December 2013 of the pilot agricultural insurance activities is VND 42,015,277,691.

According to Decision No. 315/QD-TTg, pilot agricultural insurance activities ended on 31 December 2013. The Corporation has been conducting procedures to finalize this activity with the Ministry of Finance. The final decision on the results of the Corporation's pilot provision of agricultural insurance will be made by the Ministry of Finance.

## **28. OPERATIONS OF OFFSHORE FISHING VESSEL INSURANCE**

On 07 July 2014, the Government issued Decree No. 67/2014/ND-CP on some fisheries development policies, including regulations on insurance policy for the offshore fishing fleet ("fishing vessel insurance"). The Corporation undertakes this type of insurance, along with the local insurance companies, for supporting market and performing the policies as per the Government's objectives.

On 20 August 2014, the Ministry of Finance issued Circular No. 116/2014/TT-BTC providing guidance on several financial issues to insurance activities as stipulated in Decree No. 67/2014/ND-CP on fisheries development policies. According to the provisions under Circular No. 116/2014/TT-BTC, the business results of fishing vessel insurance activities shall be included in the insurer's results. The insurance enterprise shall hold responsibility to separately monitor revenue, expenses and results of operations regarding this type of insurance. Profit from fishing vessel insurance activities (if any) shall be recorded to catastrophe reserves at the year end.

In 2018, the total loss result from fishing vessel insurance activities of VND 3.736.030.986 is recognised in the consolidated income statement.

## **29. CORPORATE INCOME TAX EXPENSE**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Profit before tax</b>	<b>358,420,645,228</b>	<b>310,670,269,210</b>
<b>Adjustments for taxable profit</b>		
Less: Non-taxable income	(78,607,567,155)	(57,612,378,723)
Add: Non-deductible expenses	8,338,940,276	4,620,749,079
Add: Loss of subsidiary attributable to non-controlling interests	(6,459,373,279)	(456,533,188)
<b>Taxable profit</b>	<b>281,692,645,070</b>	<b>257,222,106,378</b>
Normal tax rate	20%	20%
<b>Current corporate income tax payable</b>	<b>56,338,529,014</b>	<b>51,444,421,276</b>
<b>Corporate current income tax payable according to tax finalization</b>	<b>33,164,792</b>	<b>-</b>
<b>Total current CIT payable</b>	<b>56,371,693,806</b>	<b>51,444,421,276</b>
<b>Deferred corporate tax (income)</b>	<b>-</b>	<b>(7,280,835)</b>

**30. BASIC EARNINGS PER SHARE**

The calculation of basic earning per share attributable to ordinary shareholders of the Corporation is based on following data:

	Unit	Current year	Prior year
<b>Profit after corporate income tax</b>	<b>VND</b>	<b>302,048,951,422</b>	<b>259,233,128,769</b>
Less: estimated amount accrued for bonus and welfare funds	VND	7,867,745,739	7,336,810,976
Less: (loss) after corporate income tax attributable to non-controlling interests	VND	5,351,791,462	456,533,188
<b>Profit used to calculate basic earnings per share</b>	<b>VND</b>	<b>288,829,414,221</b>	<b>251,439,784,605</b>
Average number of outstanding ordinary shares in circulation	Shares	131,075,937	131,075,937
<b>Basic earnings per share</b>	<b>VND</b>	<b>2,204</b>	<b>1,918</b>

**31. FINANCIAL INSTRUMENTS**

**Capital risk management**

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation only consists of equity attributable to shareholders (comprising capital, reserves and retained earnings).

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

**Categories of financial instruments**

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	63,803,229,276	169,817,165,145
Trade receivables	869,426,906,424	1,067,272,542,203
Short-term investments	2,433,155,685,385	2,218,226,936,835
Long-term investments	960,941,478,965	863,515,907,182
<b>Total</b>	<b>4,327,327,300,050</b>	<b>4,318,832,551,365</b>
<b>Financial liabilities</b>		
Trade and other payables	740,898,046,995	1,060,034,383,759
Long-term deposits received	2,699,736,765	2,327,881,984
<b>Total</b>	<b>743,597,783,760</b>	<b>1,062,362,265,743</b>

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

### **Financial risk management objectives**

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include reinsurance risk, market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

### **Reinsurance risk**

The risks from insurance activities are risks arising from the portfolio that the Corporation reinsures. The level of risk depends on the underwriting processes:

- i) Assessing the reinsurance risk;
- ii) Pricing, assessing reinsurance ability;
- iii) Terms and conditions applied; and
- iv) Monitoring the concentration of risk and disaster risk.

The objective of the insurance risk management is to improve the quality of the risk portfolio insured by implementing the above processes sufficiently and appropriately. The risk arising from insurance activities may include:

- + Assessment on reinsurance risk is conducted inadequately, together with inappropriate terms and conditions;
- + Pricing is not reasonable with the risk insured;
- + Retrocession policies are inappropriate;
- + Claims are not properly handled;
- + Reserves are made inadequately;
- + Receivables from retrocession activities are unable to be collected.

### **Objectives, policies and processes of Insurance risk management**

The ultimate goal of insurance risk management is to control insurance events that may affect the Corporation's financial position, equity and financial performance.

The Corporation's risk management policies are set up through establishing risk tolerances and detailing insurance/reinsurance guidelines such as guideline on treaty insurance/reinsurance, facultative insurance/reinsurance, and guideline on claim handling.

The Corporation sets up a system of insurance risk management at different levels in order to assure the effectiveness of risk management activities. The system of risk management of the Corporation is built from departmental to entity-wide levels. The Board of Risk management plays an important role to ensure collaboration and connection among operational departments, the Board of Management and Board of General Directors of the Corporation.

The insurance risk management is supervised from top down through insurance and reinsurance guideline and insurance risk monitoring standards. The bottom-up reporting procedure is also established and performed periodically on a weekly, monthly, and quarterly basis to ensure the effectiveness of the monitoring activities. Insurance risk management procedures are carried out systematically in order to identify, measure, control and handle risks to ensure that risk measurement criteria are kept within the allowed limits.

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The Corporation applies various measures to detect risks including risk assessment, risk discussion in internal meetings, or experience from experts. Depending on the circumstances and characteristics of the risk which need to be measured, different quantitative and qualitative measurement methods can be applied. The qualitative method includes risk assessment by underwriting experts for individual transaction or risk portfolios. The quantitative measures include pricing and analysing the risk portfolio using historical statistical figures (premium, type of risk, loss, etc.).

The reinsurance and retrocession schemes play an important role in maintaining the level of risk exposed by the Corporation within the risk tolerance. The Board of General Directors thus holds responsibility to set up the risk tolerance level appropriate with business performance of the Corporation at certain period as well as perform the insurance and reinsurance schemes on annual basis as approved by the Board of Management.

**Market risk**

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and prices.

In the year, the Corporation has entered into currencies swap transactions with banks to mitigate foreign exchange risk.

*Foreign currency risk management*

To manage foreign currencies for reinsurance settlement, the Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar (US\$)	534,825,809,803	698,533,585,995	272,245,206,388	489,139,093,769
Euro (EUR)	2,961,472,645	2,523,751,486	910,312,066	827,539,173
Great Britain Pound (GBP)	194,716,149	6,037,224	-	14,242,474
Australian Dollar (AUD)	5,795,741	5,958,591	-	2,307,521
Singapore Dollar (SGD)	7,074,709	7,277,201	20,242,466	149,519,289
Japanese Yen (JPY)	288,399,237	279,819,268	96,447,038	94,363,993

*Foreign currency sensitivity analysis*

The Corporation is mainly exposed to United States Dollar and Euro.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. For a 5% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the period would increase/decrease by the respective amounts as follows:



	<u>Current year</u>	<u>Prior year</u>
	VND	VND
United States Dollar (USD)	13,129,030,171	10,469,724,611
Euro (EUR)	102,558,029	84,810,616

*Share price risk management*

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits. The Corporation's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc. The Corporation assesses the share price risk to be immaterial.

The Corporation is also exposed to equity price risks arising from investments in associate. The Corporation's Board of Management assesses and approves decisions on investments in associate such as operating industry, investees, etc. Investments in associate is held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future. The Corporation reviews and assesses these investments on an annual basis to provide concrete policies in order to ensure legal compliance and investment efficiency.

***Credit risk***

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation's business operation is reinsurance, accordingly, the Corporation's credit risk mainly focuses on clients operating in direct insurance. As at the balance sheet date, there is credit risk arising on the amounts due from customer receivables. The Corporation has made sufficient provision for such receivables.

***Liquidity risk management***

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Less than 1 year VND	From 1 - 5 years VND	Over 5 years VND	Total VND
<b>Closing balance</b>				
Cash and cash equivalents	63,803,229,276	-	-	63,803,229,276
Trade receivables	869,426,906,424	-	-	869,426,906,424
Short-term investments	2,433,155,685,385	-	-	2,433,155,685,385
Long-term investments	-	498,575,114,968	462,366,363,997	960,941,478,965
<b>Total</b>	<b>3,366,385,821,085</b>	<b>498,575,114,968</b>	<b>462,366,363,997</b>	<b>4,327,327,300,050</b>
<b>Closing balance</b>				
Trade and other payables	740,898,046,995	-	-	740,898,046,995
Long-term deposits received	-	2,699,736,765	-	2,699,736,765
<b>Total</b>	<b>740,898,046,995</b>	<b>2,699,736,765</b>	<b>-</b>	<b>743,597,783,760</b>
<b>Net liquidity gap</b>	<b>2,625,487,774,090</b>	<b>495,875,378,203</b>	<b>462,366,363,997</b>	<b>3,583,729,516,290</b>
<b>Opening balance</b>				
Cash and cash equivalents	169,817,165,145	-	-	169,817,165,145
Trade receivables	1,067,272,542,203	-	-	1,067,272,542,203
Short-term investments	2,218,226,936,835	-	-	2,218,226,936,835
Long-term investments	-	395,807,868,619	467,708,038,563	863,515,907,182
<b>Total</b>	<b>3,455,316,644,183</b>	<b>395,807,868,619</b>	<b>467,708,038,563</b>	<b>4,318,832,551,365</b>
<b>Opening balance</b>				
Trade and other payables	1,060,034,383,759	-	-	1,060,034,383,759
Long-term deposits received	-	2,327,881,984	-	2,327,881,984
<b>Total</b>	<b>1,060,034,383,759</b>	<b>2,327,881,984</b>	<b>-</b>	<b>1,062,362,265,743</b>
<b>Net liquidity gap</b>	<b>2,395,282,260,424</b>	<b>393,479,986,635</b>	<b>467,708,038,563</b>	<b>3,256,470,285,622</b>

The Board of General Directors assessed the liquidity risk at low level. The Board of General Directors believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.



*Related party balances as at the balance sheet date were as follows:*

	Closing balance	Opening balance
	VND	VND
<b><u>Swiss Re Group</u></b>		
Receivables from outward reinsurance activities	19,294,865,505	21,037,953,389
Payables for outward reinsurance activities	28,405,512,637	33,499,766,053
Dividends payable	-	32,768,989,000
<b><u>Bao Minh Insurance Joint Stock Corporation</u></b>		
Receivables from inward reinsurance activities	12,383,249,083	23,731,736,600
Receivables from outward reinsurance activities	26,581,552,603	35,246,695,946
Payables for inward reinsurance activities	29,805,459,189	22,017,132,231
Payables for outward reinsurance activities	19,889,057,011	29,543,904,460
<b><u>Samsung Vina Insurance Company Limited</u></b>		
Receivables from inward reinsurance activities	6,051,509,620	8,568,987,712
Receivables from outward reinsurance activities	312,594,608	-
Payables for inward reinsurance activities	5,783,172,204	298,508,509
Payables for outward reinsurance activities	5,038,177	749,378,536
<b><u>State Capital Investment Corporation</u></b>		
Dividends payable	-	52,906,035,000

**33. FINANCIAL RATIOS**

Items	Unit	Closing balance	Opening balance (Restated)
<b>1. Assets and resources structure arrangement</b>			
1.1. Assets structure arrangement			
- Non-current assets/Total assets	%	20.24	19.10
- Current assets/Total assets	%	79.76	80.90
1.2. Capital structure arrangement			
- Liabilities/Total resources	%	55.25	57.99
- Owners' equity/Total resources	%	44.75	42.01
<b>2. Liquidity</b>			
2.1. Short-term liability liquidity	times	1.44	1.40
2.2. Quick liquidity	times	0.68	0.64
Items	Unit	Current year	Prior year (Restated)
<b>3. Profit ratio</b>			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	27.33	27.84
- Profit after tax/Revenue ratio	%	23.04	23.23
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	5.37	4.80
- Profit after tax/Total assets ratio	%	4.53	4.01
3.3. Profit after tax/Owners' equity ratio	%	10.24	9.64

**34. BUSINESS SEGMENT REPORT**

The Corporation's principal activities are reinsurance business and investments funded from idle capital resources, which is a part of reinsurance business cycle. Investments in other business activities are insignificant. Therefore, the Board of General Directors made an assessment and believes that the fact that no report on segment information is made is in line with the Corporation's current business operation.

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35. SUMMARY OF CLAIMS

Payment year	Accident year		Total VND
	2016 VND	2017 VND	
<b>I. Accumulated claim reserve amount</b>	<b>200,330,400,956</b>	<b>296,354,291,303</b>	<b>669,903,986,094</b>
<b>Claim reserve amount accumulated to the current year (1)</b>			
<b>II. Accumulated paid claim amount</b>			
As at year end of accident year	28,329,675,781	33,641,004,564	103,922,261,721
After 1 year	100,190,516,120	117,696,539,265	217,887,055,385
After 2 years	26,411,007,261	-	26,411,007,261
	<b>154,931,199,162</b>	<b>151,337,543,829</b>	<b>348,220,324,367</b>
<b>Paid claim amount accumulated to the current year (2)</b>			
<b>III. Total outstanding claim reserve (3) = (1) - (2)</b>	<b>45,399,201,794</b>	<b>145,016,747,474</b>	<b>321,683,661,727</b>
Outstanding claim reserve for previous years' losses			148,116,866,075
<b>Total outstanding claim reserve at the period-end</b>			<b>469,800,527,802</b>

36. COMPARATIVE FIGURES

Some prior year's figures were restated in order to assure appropriateness of comparative figures since the Corporation reclassified deposits related to claim receipts and claim settlement of some reinsurance contracts, details are as follows:

ITEMS	Codes	Previously reported amount		Reclassification		Amount after reclassification	
		VND		VND		VND	
<b>CONSOLIDATED BALANCE SHEET</b>							
1. Short-term trade receivables	131	1,094,654,677,717	78,300,000		1,094,732,977,717		
1.2. Other trade accounts receivable	131.2	324,048,251,319	78,300,000		324,126,551,319		
2. Other short-term receivables	136	11,117,753,311	(78,300,000)		11,039,453,311		
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>	<b>1,213,231,242,437</b>	<b>23,035,929,122</b>		<b>1,236,267,171,559</b>		
<b>(200=210+220+230+240+250+260)</b>							
<b>VI. Other non-current assets</b>	<b>260</b>	<b>67,845,235,652</b>	<b>23,035,929,122</b>		<b>90,881,164,774</b>		
3. Other long-term assets	268	66,255,206,211	23,035,929,122		89,291,135,333		
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>	<b>6,448,645,012,061</b>	<b>23,035,929,122</b>		<b>6,471,680,941,183</b>		
<b>C. LIABILITIES (300=310+330)</b>	<b>300</b>	<b>3,729,770,339,881</b>	<b>23,035,929,122</b>		<b>3,752,806,269,003</b>		
<b>I. Current liabilities</b>	<b>310</b>	<b>3,725,336,443,762</b>	<b>23,035,929,122</b>		<b>3,748,372,372,884</b>		
5. Other current payables	319	135,905,155,749	23,035,929,122		158,941,084,871		
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>	<b>6,448,645,012,061</b>	<b>23,035,929,122</b>		<b>6,471,680,941,183</b>		
<b>CONSOLIDATED INCOME STATEMENT</b>							
<b>PART I - GENERAL CONSOLIDATED INCOME STATEMENT</b>							
1. Net revenue from insurance activities	10	981,229,357,935	(162,461,875,131)		818,767,482,804		
4. Total expenses for insurance activities	20	859,621,410,826	(162,461,875,131)		697,159,535,695		
<b>PART II - CONSOLIDATED INCOME STATEMENT BY ACTIVITY</b>							
<b>4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)</b>	<b>04</b>	<b>411,705,728,566</b>	<b>(162,461,875,131)</b>		<b>249,243,853,435</b>		
- Other income from insurance activities	04.2	186,155,981,402	(162,461,875,131)		23,694,106,271		
<b>5. Net revenue from insurance activities (10=03+04)</b>	<b>10</b>	<b>981,229,357,935</b>	<b>(162,461,875,131)</b>		<b>818,767,482,804</b>		
<b>6. Claim settlement expenses (11=11.1)</b>	<b>11</b>	<b>915,027,572,983</b>	<b>(2,537,230,596)</b>		<b>912,490,342,387</b>		
- Total claim settlement expenses	11.1	915,027,572,983	(2,537,230,596)		912,490,342,387		
7. Claim receipts from ceded policies	12	667,456,345,229	(6,055,228,516)		661,401,116,713		
<b>10. Total insurance claim settlement expenses (15=11.1-12+13-14)</b>	<b>15</b>	<b>298,458,165,155</b>	<b>3,517,997,920</b>		<b>301,976,163,075</b>		
<b>12. Other expenses for insurance activities (17=17.1+17.2)</b>	<b>17</b>	<b>562,322,349,801</b>	<b>(165,979,873,051)</b>		<b>396,342,476,750</b>		
- Other expenses for insurance activities	17.2	197,914,958,658	(165,979,873,051)		31,935,085,607		
<b>13. Total expenses for insurance activities (18=15+16+17)</b>	<b>18</b>	<b>859,621,410,826</b>	<b>(162,461,875,131)</b>		<b>697,159,535,695</b>		

**37. SUBSEQUENT EVENTS**

There is no subsequent event arising after 31 December 2018 to the reporting date that needs to be adjusted or presented in the consolidated financial statements.



**Nguyen Thanh Cong**  
Preparer



**Luu Thi Viet Hoa**  
Chief Accountant



**Pham Cong Tu**  
General Director

Hanoi, 04 March 2019