



ANNUAL REPORT 2016

Company name: VIETNAM NATIONAL REINSURANCE CORPORATION

Abbreviation: VINARE

Year of report: 2016

LETTER TO SHAREHOLDERS

Dear Shareholders,

The year 2016, the first year Vietnam embarked on the implementation of the five-year socio-economic development plan 2016-2020, passed in the context of slowing world economic growth, plummeting global trade and low commodity prices, which has negatively impacted our economic growth, especially on import and export activities and state budget revenues. GDP growth was at 6.21% and lower than the planned target. The main reason was that some key economic sectors recorded lower growth than last year. In addition, the Vietnamese economy has suffered from some adverse effects from the devaluation of the Chinese yuan, pollution in the Central sea, floods in the North Central area, salty intrusion in the Mekong Delta river, etc.

However, the country's economic picture in 2016 also had many bright points: FDI disbursed was at USD15.8 billion, increasing by 9% and was the highest-ever growth. Total newly registered and additional FDI was at USD24.4 billion, increasing by 7% in comparison with 2015. Number of newly registered enterprises was at 110,100 enterprises, rose by 16.2 % compared with 2015. The Government has pushed forward the divestment of state capital from big state-owned enterprises; many big enterprises such as Sabeco, Vietnam Airlines were listed on the stock exchange in 2016. Real estate market has brightened up, especially in housing segment. The stock market recovered and witnessed positive growth in comparison with the previous year.

The good news was that in 2016, the insurance market recorded a high growth rate despite the general difficulties of the economy. Total market premium volume increased by 22.74% against the previous year (reaching VND86,049 billion), in which life sector grew by 28.3% (reaching VND49,677 billion) and non-life sector grew by 14.6% (reaching VND36,372 billion). The insurance industry has invested back into the economy VND186,572 billion, increasing 16.5% over 2015. Retail business continued to increase with the growth rate of more than 20%. Meanwhile, reinsurance business recorded slow growth (like property, engineering) or even suffered decrease (cargo, hull), estimated overall growth was at 5-7%.

In the context of moderate growth of reinsurance business and harsh competition, Vietnam National Reinsurance Corporation (VINARE) persevered with strict risk control policy and cautious risk selection. Unfortunately, we had to refuse considerable amount of sub-standard business or those with high loss ratio to ensure underwriting profitability. Therefore, gross written premium reached VND1,655.6 billion, increasing by 2.4% over 2015. Net written premium was VND561.5 billion

Claims payment for inward reinsurance decreased by 10.5% and net claims payment decreased by 17.1% in comparison with the previous year. The reasons for this improvement were mainly tightened underwriting disciplines and also thanks to market efforts in pre-policy risk survey, restriction in unhealthy competition via premium cutting and terms & conditions broadening. The decrease in the claims payment partly due to the fact that in 2016, abnormal property losses occurred compared with previous year.

Because of the above reasons, although gross premium volume and net premium written did not align with the overall market growth for reinsurance business, VINARE still outperformed its profit target. Net underwriting profit reached VND57.3 billion, an increase of 73.1% compared with 2015

Investment and other income in 2016 reached VND213.5 billion, exceeding 6.7% of the target. Risk management in investment activities is enhanced to ensure the safety of investment and strict control of risks.

With positive insurance and investment results, the Corporation's total pre-tax profit was VND270.8 billion. If excluding the exchange rate gain, pre-tax profit grew 4.6% over the same period last year and increased by 2.3% over the target.

Dear shareholders,

In addition to the positive business results in 2016, VINARE has conducted several activities to promote the development of the insurance market and to enhance its image and reputation in domestic and international market.

VINARE has coordinated with Swiss Re and Bao Viet Insurance to develop cancer insurance product which is name K-care – a unique product which provides financial solution for cancer patients. This is a remarkable effort of VINARE to develop new insurance products to meet the increasing demand on insurance of socio-economy.

VINARE has been striving to provide value-added services to customers through various seminars like Technical Accounting Seminar, Liability Insurance Seminar, Protection and Indemnity Seminar, Offshore Windfarm Insurance Seminar, risk management, etc. Besides, VINARE continued providing support to clients in areas like risk management, loss survey, training service on reinsurance, information and solutions for sustainable developments.

VINARE closely co-ordinated with Insurance Supervisory Authority, Ministry of Finance to carry out Agriculture insurance (follow-up stage) providing cover for wider insured objects and locations. VINARE together with four insurers have been selected by the Ministry of Finance to deploy Offshore Fishing Insurance under Decree No. 67/2014/ND-CP of the Government. Meanwhile, the Corporation is actively studying and preparing for new products like Nat Cat Insurance, Public Asset Insurance, Liability Insurance, etc.

As one of the first listed companies on the Hanoi Stock Exchange, VINARE has continuously improved the quality of corporate governance, ensuring transparency of information and equal rights for shareholders. In 2016, VINARE for the third consecutive time was honored in the Top 30 most transparent enterprises of Hanoi Stock Exchange in terms of information disclosure.

VINARE was honored with certificate of Top Brands 2016 by Economic Research Institute and Global GTA. The Corporation continued to maintain international credit rating: financial strength rating of B++ and issuer credit rating of “bbb” (A.M. Best).

Dear Shareholders,

Forecasts on the economic situation in 2017 point out many difficulties and challenges in terms of quality of growth, competitiveness of enterprises, ect. to achieve the target GDP growth of 6.7%. Non-life market is forecast to grow 9%, which is lower than the same growth of the two recent years. We can expect new growth drivers when key products and programs are implemented such as public property insurance, disaster insurance, liability insurance for construction and installation sector, co-operatated insurance products with the relaunching of Agriculture insurance, Offshore insurance, etc. This is a favorable opportunity for VINARE to expand its market share and increase its revenue. Gross witten premium for 2017 is expected to reach VND1,770 billion, increasing by 6.9% against 2016. Profit before tax (excluding foreign exchange gain) is expected to reach VND 278 billion, increasing by 4.5% compared with 2016.

With the close direction of the Board of Directors, the Board of Control, the valuable cooperation of our partners and shareholders, and the support of the authorities, I am confident that VINARE is ready to overcome all challenges and materialize the planned strategic targets. On behalf of the Board of Directors, I would like to express my sincere thanks for your assistance from authorities, partners and cooperation of VINARE shareholders and I especially appreciate all the efforts and achievements that VINARE's staff have achieved in 2016.

With the solidarity of the Board of Management and all employees, I totally believe that VINARE will continue to achieve new successes in 2017 and following years to meet the

expectation of its shareholders and to contribute positively to the sustainable development of the insurance market in Vietnam.

I wish all of you happiness, health and prosperity./.

CHAIRMAN

Le Song Lai

GENERAL INFORMATION

- ❖ **General information**
- ❖ **Business lines and areas**
- ❖ **Establishment and development milestones**
- ❖ **Information on governance model, organization chart**
- ❖ **Subsidiaries and associates**
- ❖ **Management Board**
- ❖ **Development strategy**
- ❖ **Risk**

General Information:

- ❖ Company name: VIETNAM NATIONAL REINSURANCE CORPORATION
- ❖ Business registration certificate: No. 28GP/KDBH dated 15/11/2004 of Ministry of Finance
- ❖ Charter capital: VND 1,310,759,370,000
- ❖ Address: 141 Le Duan, Hoan Kiem, Ha Noi
- ❖ Telephone number: 3.9422354
- ❖ Fax number: 3.9422351
- ❖ Website: vinare.com.vn
- ❖ Shares code number: VNR

Lines of business and business location:

❖ *Lines of business:*

- Inward and outward reinsurance of non-life and life business from local and overseas markets.
- Doing investment activities in Government bonds, bond, security, equity, real estates and others in accordance with the law.

- ❖ ***Business location:*** Head office is at 141 Le Duan, Hoan Kiem District, Hanoi and Branch is at 11 Nguyen Cong Tru, District 1, Ho Chi Minh City.

Historical Milestones

1994	<ul style="list-style-type: none"> • Founding of VINARE as the 1st domestic reinsurance company with initial capital of VND 40 billion • Compulsory insurance scheme (finished in 2005)
1999	<ul style="list-style-type: none"> • Honoured with the Third Class Labour Order by the President of State
2001	<ul style="list-style-type: none"> • The head quarter building at 141 Le Duan, Hanoi was inaugurated and put into operation
2004 2005	<ul style="list-style-type: none"> • Successfully equitized and started operation as a Corporation with charter capital of VND 500 billion, paid-up capital of VND343 billion • 13 direct insurers as strategic shareholders with commitment of business exchange • Honoured with the Second Class Labour Order by the President of State on its 10th Anniversary
2006	<ul style="list-style-type: none"> • The first enterprise listed in insurance industry and the tenth enterprise listed on Hanoi Stock Trading Center
2007 2008	<ul style="list-style-type: none"> • Increased the paid-up capital to VND 672 billion • Swiss Re became the strategic partner (25% stake)
2009	<ul style="list-style-type: none"> • Awarded with the First Class Labour Order by the President of State on its 15th Anniversary
2011	<ul style="list-style-type: none"> • Issued bonus shares to increase the paid-up capital to VND 1,008 billion
2012 2013	<ul style="list-style-type: none"> • Corporate restructuring • New IT system (WebXL) be put in use • Assigned a financial strength rating of B++ (Good) and issuer credit rating of bbb by A,M, Best Asia-Pacific Ltd
2014	<ul style="list-style-type: none"> • Issued bonus shares to increase charter capital to VND1,310 billion • Received Third Class Independence Order of the State on the 20th anniversary of establishment • Maintained financial strength rating of B++ and issuer credit rating of “bbb”
2015	<ul style="list-style-type: none"> • The development strategy for 2015 – 2020 period: to enhance the business capability and competitiveness of VINARE

Key business results 2012–2016

❖ *Audited Consolidated Financial Statements:*

Unit: VND bn

Item	2012	2013	2014	2015	2016
Gross written premium	1,608	1,425	1,512	1,617	1,656
Net written premium	647	500	558	613	562
Investment revenue + others	388	326	388	243	239
Accumulated technical reserves (net)	801	689	777	818	839
Charter capital	1,008	1,008	1,310	1,310	1,310
Total assets	4,049	4,454	5,960	6,465	6,350
Profit before tax	314	379	446	290	287
Profit after tax	268	310	365	241	240
ROA (%)	6.61	6.96	6.12	3.73	3.78
ROE (%)	12.00	13.20	14.00	9.19	8.81
EPS (VND)	2,537	2,981	2,487	1,802	1,777

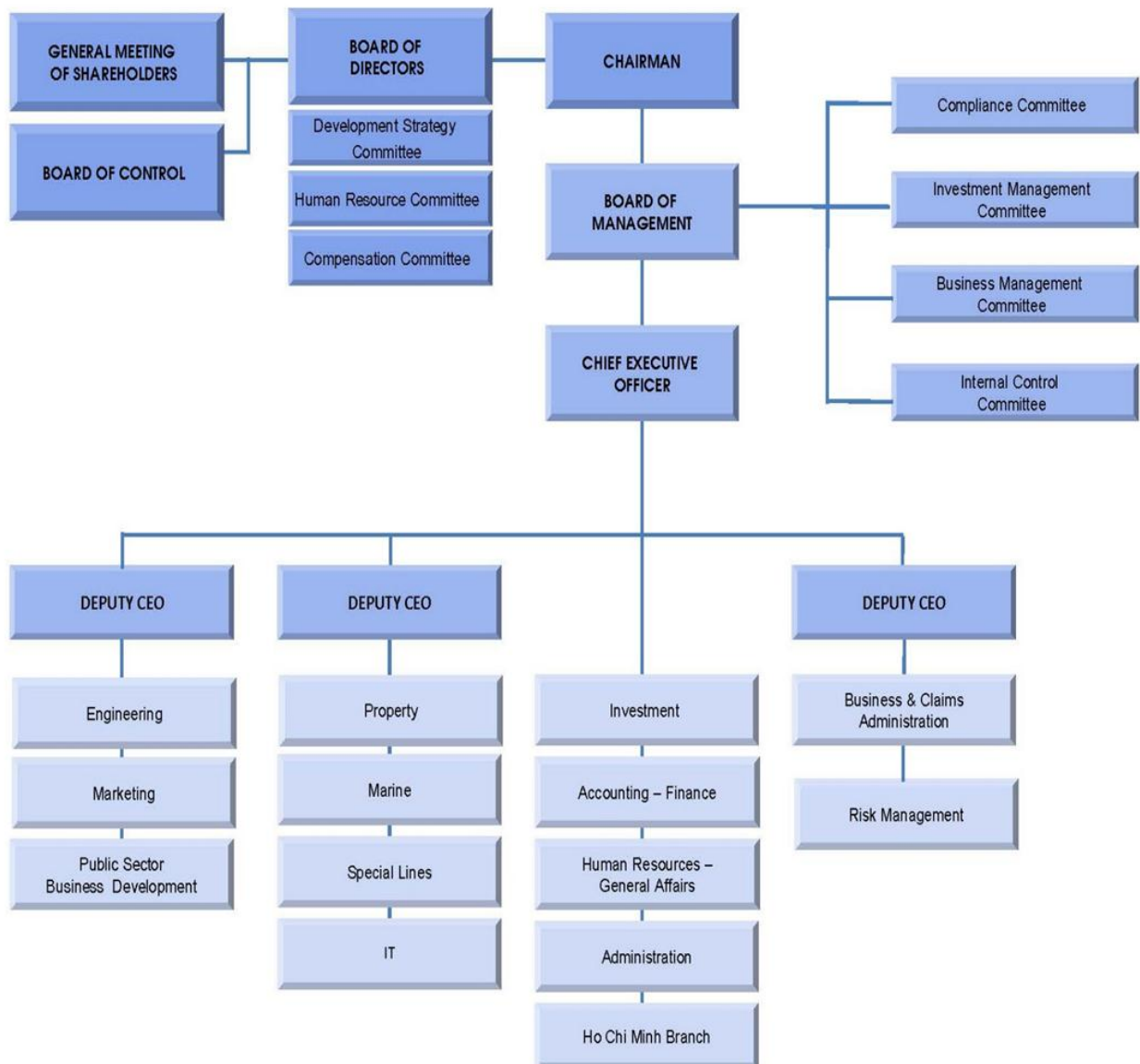
* Note: The charter capital in 2014 increased due to the bonus share issuance

❖ *Audited Separate Financial Statement:*

Unit: VND bn

Item	2012	2013	2014	2015	2016
Gross written premium	1,608	1,425	1,512	1,617	1,656
Net written premium	647	500	558	613	562
Investment revenue + others	388	326	388	243	239
Accumulated technical reserves (net)	801	689	777	818	839
Charter capital	1,008	1,008	1,310	1,310	1,310
Total assets	4,049	4,454	5,960	6,372	6,239
Profit before tax	314	379	446	275	271
Profit after tax	268	310	365	225	224
ROA (%)	6.61	6.96	6.12	3.53	3.58
ROE (%)	12.00	13.20	14.00	8.79	8.44
EPS (VND)	2,537	2,981	2,487	1,802	1,777

Organisation Chart



Subsidiaries and Associates

❖ *Vinare Invest*

- Business Licence: No, 0103034106 dated 25/12/2008
- Address: 6/F, 141 Le Duan, Hoan Kiem, Ha Noi
- Charter capital: VND100 billion
- Paid-up capital as at 31/12/2016: VND93,919,000,000
- Business operation:
 - + Real estate and property development
 - + Financial services
 - + Other business activities not prohibited by the Law and most beneficial for the company
- VINARE's stake: VND 60,000,000,000, equivalent to 63.8% of charter capital
- Major shareholders: Vinare (63.8%), Viet Cat Fund Management (10%), Sudico (10%), Phu Loc Real Estate (10%), các cổđông khác (6.2%)

❖ *Samsung – Vina Insurance Ltd,*

- Business Licence: No, 20/GP/KDBH of the Ministry of Finance dated 30/08/2002
- Address: 45/F, Bitexco Financial Tower, 2 Hai Trieu Street, District 1, Ho Chi Minh City
- Charter capital: VND500,000,000,000
- Paid-up capital as at 31/12/2016: VND 500,000,000,000
- Business operation: non-life (re)insurance business and financial investment
- VINARE's stake: 25% of charter capital, equivalent to VND125,000,000,000
- Joint-venture partner: Sam Sung Fire & Marine Insurance Company Ltd., South Korea

Board of Directors:

Name	Certificates	Current position	Positions in the past	Nationality
Mr. Le Song Lai <i>Chairman</i>	<ul style="list-style-type: none"> - Master of Law - Cambridge University - Bachelor of Law – Ha Noi National University 	<ul style="list-style-type: none"> - Deputy CEO of State Capital and Investment Corporation (SCIC - Ministry of Finance) - Board Director of Bao Minh Joint Stock Company, CMC Communication - Chairman cum CEO of Jetstar Pacific 	Deputy Director of Insurance Department, Ministry of Finance	Viet Nam
Mr. Martyn Parker <i>Deputy Chairman</i>	FCII Certificate, Fellow of the Chartered Insurance Institute of the UK and a Chartered Insurer	Chairman, Global Partnerships, Swiss Re	<ul style="list-style-type: none"> - Head of Life Underwriting and Claims payment of Mercantile and General Re - Head of International Business of Mercantile and General Re - Member of Swiss Re Life & Health Executive Board, Swiss Re - Chief Executive Officer of Swiss Re's Asia Division - CEO Reinsurance Asia and Regional President Asia and a member of Swiss Re's Executive Committee. 	UK
Mr. Phan Kim Bang <i>Deputy Chairman</i>	Bachelor of Economics - Finance-Accounting University	<ul style="list-style-type: none"> - Board Director of Bao Viet Group; - Chairman of Bao Viet Insurance 	<ul style="list-style-type: none"> - Manager of Accounting Department of Ha Noi Insurance Company - Deputy Manager of Personal Lines Department; Manager of Agent Management Department - Head of Non-life Operation Auditing 	Viet Nam

			Department, Deputy Manager of Internal Auditing Department of Bao Viet Group, Head of Board of Control of the Group	
Mr. Tran Vinh Duc <i>Director</i>	<ul style="list-style-type: none"> - PhD of Finance – Insurance, Humboldt University – Berlin, Germany - Certificates of Economics, majored in Finance – Accounting, Humboldt University, Berlin, Germany 	Chairman of Bao Minh Joint Stock Company	<ul style="list-style-type: none"> - Manager of Vietnam Insurance Corporation - Head of the Board of Control, Deputy CEO of Vietnam Insurance Corporation 	Viet Nam
Mr. Dao Nam Hai <i>Independent Director</i>	<ul style="list-style-type: none"> - Master of Business Administration, Hanoi National University and Irvine University, United States - Master of Economic Law, State and Law Institute - Bachelor of Enterprise Finance, National Economic University 	CEO of Petrolimex Joint Stock Insurance Company (PJICO)	<ul style="list-style-type: none"> - Manager of General Affairs Department and Assistant to PJICO’s CEO - Manager of Market Department and Assistant to the CEO and Manager of PJICO’s Branch in Lang Son - Deputy CEO of PJICO 	Việt Nam
Mr. Pham Sy Danh <i>Independent Director</i>	<ul style="list-style-type: none"> - Master Degree, Germany - Bachelor of Economics, Germany 		<ul style="list-style-type: none"> - Director of State Treasury - Deputy Minister of Finance 	Viet Nam
Mr. Pham Cong Tu <i>Director</i>	<ul style="list-style-type: none"> - Master of Business Administration – Business Administration Institute of Belgium - Bachelor of Finance - Finance-Accounting University 	VINARE’s CEO	<ul style="list-style-type: none"> - VINARE’s Chief Accountant - VINARE’s Deputy CEO 	Viet Nam
Mr. Mai Xuan Dung <i>Director</i>	<ul style="list-style-type: none"> - Master of International Economics and Finance, Queensland University, New Zealand - Certificate of Insurance of Australia – New Zealand Insurance & Finance Institute - Bachelor of Insurance Economics, National Economics University 	VINARE’s Deputy CEO	<ul style="list-style-type: none"> - Deputy Manager of VINARE’s Marine Department - Manager of VINARE’s Marine Department 	Viet Nam

Mr. Beat Schnegg <i>Director</i>		<ul style="list-style-type: none"> - Head Business Management P&C Asia, Swiss Re - Member of the Business Management ET and of the Asia Management Team 	<ul style="list-style-type: none"> - Head of Belgian and Netherlands markets, Swiss Re - Head of the Run-off unit of Swiss Re Zurich - Head of Claims P&C Asia Team, Swiss Re Singapore 	
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Board of Control:

Name	Certificates	Current position	Positions in the past	Nationality
Mr. Tran Trung Tinh <i>Head</i>	<ul style="list-style-type: none"> - Master of Finance & Banking, National Economics University - Bachelor of Economic & Insurance Mathematics, National Economic University - Bachelor of English, Hanoi National University 	Deputy CEO of BIDV Insurance Company (BIC)	<ul style="list-style-type: none"> - Manager of Property & Engineering Department of Bao Minh Insurance Compnay in Hanoi - Deputy Manager of Bao Minh Insurance Compnay in Hanoi - Manager of Business Development of BIC 	Viet Nam
Mr. Tran Phan Viet Hai <i>Member</i>	Bachelor of Insurance – Finance – Accounting University, Ha Noi	Deputy CEO of Samsung - Vina (SVI)	Manager, Deputy CEO of Vietnam National Reinsurance Corporation (VINARE)	Viet Nam
Mr. Do Quang Khanh <i>Member</i>	Bachelor of Insurance – Finance – Accounting University, Ha Noi	Deputy CEO of Post & Telecommunication Insurance Corporation (PTI)	Chief Accountant of of Post & Telecommunication Insurance Corporation (PTI)	Viet Nam
Ms. Le Thi Thanh Hien <i>Member</i>	<ul style="list-style-type: none"> - Master of Finance, Sydney University - Bachelor of Accounting, National Economics University 	Deputy Manager of Finance Department of State Capital Investment Corporation (SCIC)	Senior Auditor of PricewaterhouseCoopers Auditing Company	Viet Nam
Mr. Deepak Mohan <i>Member</i>	<ul style="list-style-type: none"> - Master of Business Administration degree from University of St. Gallen, Switzerland - Bachelor of Arts degree in Economics with a Minor in Statistics from the University of Georgia, USA - Chartered Property Casualty Underwriter (CPCU) and Associate in Risk Management (ARM) 	Vice President – Group Strategy Principal Investment & Acquisitions, Swiss Re	<ul style="list-style-type: none"> - Involved in various Group-wide strategic projects, Swiss Re - Member of Swiss Re’s Principal Investments & Acquisitions team in Hong Kong, he focused on direct investments and corporate development activities across Southeast Asia 	US

Board of Management:

Name	Certificates	Current position	Positions in the past	Nationality
Mr. Pham Cong Tu <i>CEO</i>	<ul style="list-style-type: none"> - Master of Administration – Administration Institute of Belgium - Bachelor of Finance - Finance-Accounting University 	VINARE's Board Directors	<ul style="list-style-type: none"> - VINARE's Chief Accountant - VINARE's Deputy CEO 	Viet Nam
Mr. Dang The Vinh <i>Deputy CEO</i> (retired from 1/9/2016)	<ul style="list-style-type: none"> - Master of Gotha Finance University, Germany - Bachelor of German language - Ha Noi Foreign Languages University 		<ul style="list-style-type: none"> - Deputy CEO of Bao Minh Joint Stock Insurance Company - Deputy CEO and CEO of United Insurance Company (UIC) - Consultant to the Board of Management of Post & Telecommunication Insurance Corporation (PTI) 	Viet Nam
Mr. Mai Xuan Dung <i>Deputy CEO</i>	<ul style="list-style-type: none"> - Master of International Economics and Finance, Queensland University, New Zealand - Certificate of Insurance of Australia – New Zealand Insurance & Finance Institute - Bachelor of Insurance Economics, National Economics University 	VINARE's Board Director	<ul style="list-style-type: none"> - Deputy Manager of VINARE's Marine Department - Manager of VINARE's Marine Department 	Viet Nam
Mr. Yves-Daniel Cochand <i>Deputy CEO</i>	<ul style="list-style-type: none"> - Law Master, Switzerland - University Certificate 		<ul style="list-style-type: none"> - Member of Management, Treaty Underwriter Casualty, Swiss Re Zurich - Member of Management Swiss Re France - Director, Internship in Facultative Department Americas, Swiss Re New York - Managing Director, Head Underwriting Canada/ English Caribbean (P&C) and Latin America, Swiss Re Toronto - Managing Director, Head 	Swiss

			Casualty Underwriting Asia, Swiss Re Hong Kong	
Mr. Nguyen Manh Linh Deputy CEO <i>(Appointed Deputy CEO of VINARE, three-year term from 01/9/2016)</i>	<ul style="list-style-type: none"> - Master of International Business (MSC) - Master of Business Administration (MBA) - IT Engineer 		<ul style="list-style-type: none"> - Deputy Manager of VINARE's Human Resource-General Affairs Department, Assistant to the CEO - Manager of Risk Management Department 	Viet Nam

Development strategy:

❖ *Vision:*

TO BECOME THE LEADING REINSURER IN VIETNAM:

- Providing long-term solutions and services of international quality domestically and regionally
- Supporting Vietnam insurance industry, aiming for a sustainable and efficient market growth
- Acting as a professional investor
- Assuming social responsibility to support the socio-economic development and international competitiveness of Vietnam

❖ *Our value propositions:*

- Strong profit to investors
- Improved insurance market efficiency and profitability:
 - + Risk and capital management
 - + Training and knowhow transfer
 - + Information centre for insurance, reinsurance market
- Sustained insurance market growth:
 - + Adequate insurance capacity
 - + Support in new insurance product development
- Active involvement for a sustainable development of Vietnam

❖ *Growth targets 2016 - 2020:*

According to the Development Strategy 2016 – 2020 approved by the Annual General Meeting of Shareholders 2015

➤ Growth:

- Gross written premium growth: 12%/year
- Net written premium growth: 16%/year
- Combined Ratio: 93%

➤ Sustainable development:

- Contributing to the sustainable development of Vietnam insurance market through raising awareness on insurance, providing reinsurance capacity and supporting the development of insurance products for large numbers of residents
- Actively participating in sustainable development of Vietnam

Risk affecting our business operation:

❖ *Market risks:*

- Changes in interest rate and bond yield: doing business in insurance and reinsurance sector requires timely and fully payment, particularly in the context of challenging investment environment, a large amount of investment assets is allocated to deposit portfolio or secured bonds. Thus, the changes in interest rate of deposits and bond yields have great impact on investment returns.
- Difficulty in long-term investment assets: Besides the main activities in reinsurance business, VINARE pursues the investment policy of “Security – Efficiency – Sustainability”. VINARE pays great concern to investment assets allocation, combining short-term and long-term interests so as to save and improve investment returns. Although the investment environment currently has been improved but still embeded with highly-exposed risks which may exert no small impact on asset allocation of VINARE.
- Changes in monetary and exchange rate: the main activities of the Corporation is inward and outward reinsurance business, the payment to partners are mainly in foreign currencies, the changes in foreign exchange rate and supply have impact on the Corporation’s business results.
- Impacts of economic-social situation: Economic and social development have impact on the insurance demand of organisations and individuals. Thus, the Corporation’s business can not stand outside.

❖ *Legal risks:*

- Changes in State management policy over insurance market: VINARE has faced with the openness of insurance market under the commitment of entering WTO, TPP. Market opening means raising competition pressure to VINARE’s operation.

❖ *Reinsurance risk:*

- The risk from insurance activities are risks arising from the portfolio that the Corporation reinsures, The level of risk depends on the underwriting processes:
 - Assessing the reinsurance risk
 - Pricing, assessing reinsurance ability
 - Terms and conditions applied
 - Monitoring the concentration of risk and disaster risk

❖ *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,

❖ *Operation risk:*

- Human resources: unexpected change in management level; act of legal violation of individuals: Reinsurance is a characterized and highly internationalized business, training personnel is time consuming and costly, labour competition is very harsh, especially, the current treatment policies are still of great concern in comparison with the international insurance labour force,

- Process risk: not comply or comply not in full with internal regulations of individual
- Business interruption risk due to external events or factors: war, catastrophe, and other force majeure, ect,
- System security risk: risks of IT, network security; data storage, documents,

❖ **Environment risk:**

- As VINARE's scope of business is financial service and investment, the Corporation does not have environmental risks,

Target, policy and process of insurance risk management:

- The overall target of insurance risk management is to control events in terms of underwriting that may affect the Corporation's financial stand, equity and business performance,
- The Corporation's risk management policy is set up by identifying risk limit permitted and concretizing underwriting guidelines such as Treaty/Facultative Underwriting Guidelines and Claim Handling Guidelines,

The Corporation has set up insurance risk management system at several different levels from underwriting departments to the whole Corporation to ensure the efficiency of risk management, Risk Management Department plays an important role in insurance risk management process, connecting and keeping the connection among departments, BOM and BOD,

- Risk management is monitored from management level via underwriting guidelines and risk management standard, Report process is made from the lowest level weekly, monthly, quarterly in order to ensure the efficiency of monitoring, Risk management process is carried out systematically in order to identify, measure, control and handle the risks to ensure risk indicators not exceed permitted limit,
- The Corporation applies several measurements in identifying risks, including risk assessment method, negotiation via internal meeting and experience of experts, Depending on the actual circumstances and characteristics of the risks that need to be measured, the various quantitative and qualitative measurements will be applied, Qualitative measurements primarily include the risk assessment by the underwriter for separate business line or risk portfolios, Quantitative measurements include valuation, analysis of risk portfolios through historical statistics (tariff, risk category, losses, etc,
- Plan on inward and outward business plays an important role in maintaining and ensuring that the Corporation's risk appetite is within the permitted limit, Therefore, in addition to placing appropriate risk limits in line with the Corporation's business operation in each period, the Board of Management is responsible for developing and executing plan on treaty inward and outward business yearly and facultative business on the principle of Reinsurance Program has been approved by the Board of Directors,

BUSINESS RESULTS 2016

- ❖ **Business results**
- ❖ **Organisation and personnel**
- ❖ **Investment activities**
- ❖ **Financial situation**
- ❖ **Shareholder structure, change in investment capital of owner**
- ❖ **Sustainable development**
- ❖ **Policies relating to employees**

Business results 2016:

❖ Audited Consolidated Financial Statement 2016:

Unit: VND million

Item	2016	2015	2016/Plan	2016/2015
Gross written premium	1,655,558	1,617,142	95.7%	102.38%
Retroceded premium	(1,094,034)	(1,003,698)	103.1%	109.00%
Net written premium	569,344	586,865	88.0%	97.01%
Net income from insurance business	964,478	991,767		97.25%
Total expense for insurance activities	(818,357)	(893,251)		91.62%
Gross profit from insurance business	146,121	98,515		148.32%
Gross profit from financial activities	190,430	217,947		87.37%
Administration expenses	(88,812)	(65,405)		135.79%
Net profit from insurance business	247,738	251,058		98.68%
Profit from other activities	11,977	8,452		141.71%
Share of net profits of associate	27,502	31,274		87.94%
Profit before tax	287,170	290,784		98.76%
Profit after tax	239,985	241,076		99.55%

❖ Audited Separate Financial Statements:

Unit: VND million

Item	2016	2015	2016/Plan	2016/2015
Gross written premium	1,655,558	1,617,142	95.7%	102.38%
Retroceded premium	(1,094,034)	(1,003,698)	103.1%	109.00%
Net written premium	569,343	586,865	88.0%	97.01%
Net income from insurance business	964,478	991,767		97.25%
Total expense for insurance activities	(818,357)	(893,251)		91.62%
Gross profit from insurance business	146,121	98,515		148.32%
Gross profit from financial activities	201,136	232,836		86.39%

Administration expenses	(88,812)	(65,405)		<i>135.79%</i>
Net profit from insurance business	258,445	265,947		<i>97.18%</i>
Profit from other activities	12,328	8,795		<i>140.17%</i>
Profit before tax	270,726	274,741		<i>98.54%</i>
Profit after tax	223,541	225,034		<i>99.34%</i>

Organisation and human resource:

❖ Board of Management:

No,	Name	Title	Stake
1	Pham Cong Tu	Chief Executive Officer	0.21%
2	Dang The Vinh (<i>retire from 01/9/2016</i>)	Deputy Chief Executive Officer	0.00002%
3	Mai Xuan Dung	Deputy Chief Executive Officer	0.028%
4	Nguyen Manh Linh (<i>appointed Deputy CEO from 01/9/2016</i>)	Deputy Chief Executive Officer	0.026%
4	Yves-Daniel Cochand	Deputy Chief Executive Officer	0%
5	Luu ThiViet Hoa	Chief Accountant	0.12%

❖ Change in Board of Management:

- Mr. Dang TheVinh, Deputy CEO, retired from 1/9/2016.
- On 01/09/2016 the Board of Directors decided to appoint Mr. Nguyen Manh Linh as Deputy CEO for a three-year term from 01/09/2016.

❖ Number of the employees:

- Total number of the employees as at 31/12/2016 is 100 (as at 31/12/2015 is 96 employees)

❖ Policies for the employees:

➤ Recruitment and training policy:

- The recruitment policies at VINARE are open, democratic and in accordance with the prescribed procedures and standards to recruit competent and qualified staffs who meet the requirements of management and operation.
- The recruitment and job positioning are carried out based on employee's capability so that they can contribute their best to the Corporation and thus opportunity for promotion is open to them.
- The employees are entitled to training to upgrade their expertise through internal training program, basic course on Insurance – Reinsurance domestically and overseas.
- In 2016, 13 staffs were selected to train locally, 19 employees overseas.

➤ Policy on salary and benefits:

- VINARE pursues the long-term compensation policy in a democratic, fair and transparent manner so as to encourage the talents with good expertise, high productivity

to contribute to VINARE's performance and to create promotion leverage by material benefits to enhance creativity and productivity.

- In 2016, VINARE has revised/upgraded the Salary, Welfare and Rewards schemes in order to make full use of the policy leverages.
- Deploying work performance management system including job description for each position and individual, personal year target, first half and yearly work evaluation based on personal year targets approved.

❖ *Changes in Policy for employees:*

- Promulgating Internal Labour Rules and Labour Management Rules
- Re-signing Agreement on Collective Labour
- Promulgating new Guidelines on Appointment and Re-appointment of Officers

Investment activities in 2016:

Investment portfolio as at 31/12/2016:

Unit: VND million

No,	Portfolio	2016	2015	+/-	Proportion
1	Deposits	2,226,786	2,013,500	+213,286	65.8%
2	Bonds	170,000	210,000	-40,000	5.0%
3	Equities	658,140	654,000	+4,140	19.5%
4	Stock	24,284	33,189	-8,905	1.0%
5	Entrusted investment	210,000	150,000	+60,000	6.2%
6	Office leasing	12,400	13,817	-1,417	0.4%
7	Real estates	13,304	13,304	0	0.4%
8	Others	66,083	198,751	-132,668	1.7%
	Total	3,380,997	3,286,561	+94,436	100%

(Exchange rate in 2016: 1 USD = 22,715 VND)

Subsidiaries and Joint Venture Associates:

❖ Business results:

Unit: VND million

Company	Net revenue			Pre-tax profit		
	2016	2015	2016/15	2016	2015	2016/15
SVI	250,891	342,528	73.2%	133,350	160,889	82.8%
Vinare Invest	3,464	873	396.8%	576	-4,185	

❖ Financial standing:

Unit: VND million

Company	Paid-up Charter capital 31/12/16	Equity 31/12/16	Book value 31/12/16 (VND/share)	Investment cost (VND/share)
SVI	500,000	811,211	16,136	10,000
Vinare Invest	93,919	84,296	8,975	10,000

Financial status:

❖ Audited Consolidated Financial Statements:

Unit: VND million

Item	2016	2015	2016/15
Total assets	6,350,350	6,465,307	98.22%
Net income from insurance business	964,478	991,767	97.25%
Gross profit from insurance business	146,121	98,515	148.32%
Gross profit from financial activities	190,430	217,947	87.37%
Net profit from insurance business	247,738	251,058	98.68%
Profit from other activities	11,977	8,452	141.71%
Share of net profits of subsidiaries	27,502	31,274	87.94%
Profit before tax	287,170	290,784	98.76%
Profit after tax	239,985	241,076	99.55%
Profit after tax attributable to Shareholders of the Corporation (<i>excluding foreign exchange gain</i>)	235,094	222,135	98.84%
Ratio of profitpaying devidend	66,91%	88,51%	

❖ Audited Separate Financial Statements:

Unit: VND million

Item	2016	2015	2016/15
Total assets	6,239,283	6,372,268	97.91%
Net income from insurance business	964,478	991,767	97.25%
Gross profit from insurance business	146,121	98,515	148.32%
Gross profit from financial activities	201,137	232,836	86.39%
Net profit from insurance business	258,445	265,947	97.18%
Profit from other activities	12,328	8,795	140.17%
Profit before tax	270,726	274,741	98.54%
Profit after tax	223,541	225,034	99.34%

Key financial indicators:

❖ *Audited Consolidated Financial Statement:*

Criteria	2016	2015	NOtes
1. Liquidity			
- Short-term liability liquidity	1.39	1.39	times
- Quick liquidity	0.59	0.58	times
2. Assets and resources structure			
- Fixed assets and long-term investment/Total assets	21.66	18.36	%
- Current assets and short-term investment/Total assets	78.34	81.64	%
3. Capital structure			
- Liabilities / Total resources	56.61	58.96	%
- Owners' equity / Total resources	43.39	41.04	%
4. Profitability ratio			
- Profit before tax/Revenue ratio	24.02	23.79	%
- Profit after tax/Revenue ratio	20.07	19.73	%
- Profit before tax/Total assets ratio	4.52	4.50	%
- Profit after tax/Total assets ratio	3.78	3.73	%
- Profit after tax/Owners' equity ratio	8.81	9.19	%

❖ *Audited Separate Financial Statement:*

Criteria	2016	2015	Ntes
1. Liquidity			
- Current liquidity	1.74	1.67	times
- Short-term liability liquidity	1.38	1.38	times
- Quick liquidity	0.59	0.57	times
2. Assets and resources structure			
- Fixed assets and long-term investment/Total assets	20.55	17.41	%
- Current assets and short-term investment / total assets	79.45	82.59	%
3. Capital structure arrangement			
- Liabilities / total resources	57.57	59.80	%
- Owners' equity / Total resources	42.43	40.20	%
4. Profit ratio			

- Profit before tax/Revenue ratio	22.49	22.24	%
- Profit after tax/Revenue ratio	18.57	18.22	%
- Profit before tax/Total assets ratio	4.34	4.31	%
- Profit after tax/Total assets ratio	3.58	3.53	%
- Profit after tax/Owners' equity ratio	8.44	8.79	%

Shareholder structure :

❖ *Shareholding structure:* As at 24/6/2016

Item	
1. Total number of stock	131,075,937
- Common stock being freely transfered	109,406,861
- Common stock being transfered with conditions	21,669,076
2. Number of curent stockby type	131,075,937
- Common stock being freely transfered	109,406,861
- Common stock being transfered with conditions	21,669,076

❖ *Shareholder structure:* As at 24/6/2016:

No.	Type of Shareholders	Number of stock owned	Stake
1	Institutional shareholders:	125,654,303	95.86%
a	Domestic	82,288,839	62.78%
	- State Capital Investment Corporation	52,906,035	40.36%
	- Other shareholders	29,382,804	22.07%
b	Overseas	43,365,464	33.08%
2	Individual shareholders:	5,421,634	4.14%
a	Domestic	4,927,550	3.76%
b	Overseas	494,084	0.38%
	Total	131,075,937	100%

❖ *Major shareholders:* As at 24/6/2016:

No.	Shareholder	Contributed capital(VND)	Proportion
1	SCIC	529,060,350,000	40.36%
2	Swiss Re	327,689,890,000	25.00%
3	Bao Viet	120,268,200,000	9.18%
4	Bao Minh	84,275,100,000	6.43%
5	PJICO	32,773,650,000	2.50%

❖ *Change in capital:* No

❖ *Transaction of Treasury stock:* No

❖ *Other securities:* No

Sustainable Development Report

❖ *Direction:*

- Contributing to the sustainable development of Vietnamese insurance market via raising awareness of risk protection, providing reinsurance capability and support the development of risk protection products for large number of the resident.
- Contributing to the sustainable development of Viet Nam.

❖ *Activities:*

- Setting up clear strategy, development target and action plan, and regularly evaluate and revise during the execution;
- Strengthening internal risk management to ensure efficient and sustainable growth;
- Raising awareness on risk management in the insurance/reinsurance market via activities like training and knowledge transfer on risk management and protection; providing and evaluating information on insurance and reinsurance market and related issues;
- Providing new products to the market to meet the community's demand on insurance;
- Placing reinsurance in a safe and efficient manner for VINARE and retrocessionaires to ensure financial capability, recovery and claim payments in a timely manner;
- Providing consultancy on effective reinsurance programme for primary insurers;
- Providing contribution to market regulation policy aiming at sustainable development;
- Providing training in reinsurance expertise for the insurance market;
- Positively participating in risk protection programme for the community: VINARE is the leading reinsurer for the Pilot Agriculture insurance under Decree No. 135 and Offshore Insurance under Decree No. 67 of the Government. Co-ordinating with Insurance Supervisory Authority (Ministry of Finance) and the World Bank to study and develop Nat Cat insurance in Vietnam;
- Spending a proper budget for donation and support activities for the community.

❖ *Policies for health, security and welfare for employees*

- Annual health check: Corporation organizes annual health-check for all employees.
- Social insurance: besides the compulsory insurance programme in line with State regulations like Social Insurance, Health Insurance, Unemployment Insurance, the Corporation purchases Personal Accident and Health Care Insurance for employees.
- Allowance: the employees are entitled to contingency benefits from welfare fund in the following cases:
 - Allowance in case of unexpected difficulties, sickness, disease
 - Allowance for female employees on maternity leave
 - Gifts on the occasion of birthday, retirement, marriage
 - Annual holiday allowance
- Training service: based on operational demand, business plan and personnel planning, employees are sent for domestic and overseas training.

- In 2016, 13 staffs attended domestic training courses and 19 attended training courses overseas.
- Employees receive salary and bonus associated with individual work performance.
- Appointment policy and process are transparent and disclosed to all employees and executed with caution and proper work performance evaluation.

❖ *Responsibility to the community:*

- Donation of VND50 million to “Bright Future Fund” – a non-profit organization that supports care and treatment for patients with critical diseases
- Donation of VND60 million to the construction of houses for the martyrs’ families conducted by the Ministry of Finance’s Trade Union
- Donation of VND73.6 million for various social funds and flood victims in the Central Region
- In 2016, all VINARE staff have attended the Project S under the theme “Go along 3,300 km length of the country with VINARE” to raise a charity fund. The project lasted for 33 days. All the money raised (more than VND30 million) was used to donate to 198 pupils of Than Sa Primary School, Vo Nhai district, Thai Nguyen province, including warm clothes, medicine cabinets, bookcases, school supplies and candy
- VINARE also spends a considerable amount of money on other charitable activities: supporting Martyrs Day, Pension Funds and other charitable activities.

REPORT OF THE BOARD OF MANAGEMENT

- ❖ **Analysis of business results**
- ❖ **Achievements in the year**
- ❖ **Financial status**
- ❖ **Improvements on management**
- ❖ **Business plan 2017**
- ❖ **Report on responsibility to the environment and society**

Analysis of business results:

Reinsurance business:

- ❖ **Gross written premium:** Gross written premium in 2016 increased 2.4% in comparison with 2015, being equal to 95.7% of the target; net written premium decreased 8.5%, being equal to 83.9% of the target due to the following reasons:
 - External:
 - Local non-life market grew by 14.6% in comparison with 2015, however, this growth mostly originated from retail business which largely fall under retention of primary insurers.
 - International insurance market was in soft period, therefore it was harder to receive business from overseas market, premium rate tended decline. It was not easy to increase the volume of international business.
 - Harsh competition still continued, by undercutting premium rate, extending terms and conditions and increasing acquisition costs.
 - Internal:
 - Strictly followed underwriting discipline, enhanced risk management and profitability of reinsurance business.
 - Property business: continued strict control of this line due to negative results in previous years, one of the solutions being lowering the limit of Cat 4 and Cat 5 (high risk exposures). In addition, VINARE has refused many sub-standard business accounts.
 - Marine: Gross written premium achieved 61% of the target, net written premium only achieved 55% of the target due to:
 - + Refusing business from high-exposed clients
 - + Impact from declining turnover of certain exported products.
 - Attempt to increase writing of overseas business on the basis of cautious risk management.
- ❖ **Net claim incurred (including claim reserve):** VND273 bn, equalling to 82.9% of the figure of the previous year.
 - Total claim payment for inward reinsurance in 2016 was VND960.9 billion. Claims recovered from outward R/I in 2016 was VND700.2 bn. Thus, net claim payment of 2016 was VND260.8 billion, whilst claim reserve increased by VND12.2 billion. The reasons are as follows:
 - + Property: net claim payment decreased by 35% due to the impact of tightened risk management, categorizing of risk into Cat 4, Cat 5 and market efforts in pre-policy surveys and restraining unhealthy competition. The number of large losses was fewer than last year.
 - + Hull: many big losses continued to occur, net claim payment increased by 25%.
 - + Other business witnessed no large changes.

Investment activities:

❖ Investment income:

- Investment income and others in 2016 reached VND213.4 bn, increasing 6.7% in comparison with the year target.

Unit: VND million

No.		2016	2015	2016/2015
A	Investment revenue & others	239,212	289,571	82.6%
1	Deposits	130,266	138,834	93.8%
2	Bonds	15,910	12,704	125.2%
3	Equities	27,347	28,110	97.3%
4	Listed securities and certificate of open-ended fund	6,070	3,501	173.4%
5	Entrusted investment	27,518	24,067	114.3%
6	Office leasing	13,927	12,517	111.3%
7	Foreign exchange difference in period	12,345	46,077	26.8%
8	Foreign exchange revaluation end of period	4,683	20,452	22.9%
9	Other revenues	1,146	3,309	34.6%
B	Investment expenses & others	25,747	47,940	53.7%
C	Investment income & others (C=A-B)	213,465	241,631	88.3%

Achievements in 2016:

- VINARE was honoured among Top 30 Transparent enterprises of Hanoi Stock Exchange in 2016 for the third consecutive time;
- CEO was honored "Excellent Cultural Entrepreneur of the Reform period" and the Corporation was honored as "Strong Enterprise with Sustainable Development". This award was given by the Center for Business Culture and Businessmen Journal (Vietnam Chamber of Commerce and Industry - VCCI);
- VINARE was honored among 125 Enterprises receiving certificate of Top Brands 2016 by Economic Research Institute and Global GTA. This award was given to enterprises that have applied the management process of competitiveness index;
- The Corporation has cooperated with Bao Viet Insurance, Swiss Reinsurance Group and with consultation from Roche to jointly design and develop cancer insurance product in Vietnam. This product has been officially approved by the Ministry of Finance to be launched in the market;

- The Corporation has successfully implemented its plan on supplying value added to the market for the sake of sustainable development:
 - Successfully organized Offshore Fishing Insurance Review Conference
 - Cooperated with the West of England P&I Club to organize Protection and Indemnity Seminar in Da Nang city
 - Co-operated with Willis Re to organize Technical Accounting Seminar
 - Co-operated with Swiss Re to organize Liability Insurance Seminar
 - Co-operated with Swiss Re to organize “Seminar on natural catastrophes insurance for Da Nang city”
 - Co-operated with Swiss Re to organize “Seminar on Offshore Windfarm Insurance”
 - Seminars on policies and solutions on market sustainable development
- Actively studied solutions in for Offshore Fishing Insurance, Agriculture Insurance and specific topics on market regulation and development policies of the Government;
- Carried out periodic review of losses and risk surveys for the purpose of internal risk management and to provide recommendations for clients;
- In the process of reviewing and upgrading human resource development policy, VINARE cooperated with strategic shareholder Swiss Re to organize human resource development policy workshop;
- Strengthen activities of Committees: Business Management Committee, Compliance Committee, Internal Control Committee;
- Develop Human Resource Management Application and Accounting System;
- Study and deploy Costing Tool;
- Enhance actuary capability;
- Continued to maintain international credit rating: financial strength rating of B++ and issuer credit rating of “bbb” (A.M. Best);
- Co-ordinated with primary insurers in risk surveys and training: Risk management is becoming an important and essential part in daily operation of many local insurers whilst the market still lacks high quality and experienced risk engineering team. In 2016, VINARE co-operated with direct insurers to carry out several risk surveys and provided training on risk assessment for clients. Risk management actions have started to have positive impacts on VINARE’s business results as well as provided value added services in terms of risk management for the market;
- Continued to deploy the SCA program (Strategic Cooperation Agreement between VINARE and Swiss Re) in some topics: enhancing VINARE’s competitiveness in human resource training and development, product providing capability, underwriting capability, management capability, investment capability, IT and training for the market. Establishing Public Sector Business Development Department in order to study solutions and products that can meet the economic and social demand;
- Other activities: “Project S”
 - “Project S VINARE 2016” is a special project organized by VINARE’s Youth Union in collaboration with Trade Union with the aim of enhancing the team spirit among the Corporation through workout activities of each individual, teams and the company, in connection with building enterprise culture and executing social responsibility,

- Project S under the theme “Go along 3300km length of the country with VINARE” is a sports movement with the contributions from workouts activities of each individual, teams and the company. The total kms achieved from activities (converted to km) will be equivalent to an amount sponsored by the Corporation to donate to Than Sa Primary school, Vo Nhai district, Thai Nguyen province
- “Project S VINARE 2016” was not only entered for by all VINARE staff but also their families and colleagues from VINARE’s clients.

Financial status (Consolidated Financial Statement):

❖ Assets:

No.	Item	Unit	2016	2015	% change
(1)	(2)	(3)	(4)	(5)	(6)= (4)/(5)
I	ASSETS				
1	Total assets	VND m	6,350,350	6,465,307	98.22%
1,1	Cash, short-term financial investments and other current assets	VND m	4,013,059	4,290,301	93.54%
1,2	Short-term receivables	VND m	961,571	988,251	97.30%
1,3	Long-term assets	VND m	1,375,720	1,186,755	115.92%
2	Assets structure				
2,1	Non-current assets/ Total assets	%	21,66	18,36	
2,2	Cash, short-term financial investments and other current assets / Total assets	%	63,19	66,36	
2,3	Short-term receivables/ Total assets	%	15,14	15,28	
B	RESOURCES				
1	Total resources	VND m	6,350,350	6,465,307	98.22%
1	Current liabilities	VND m	3,595,005	3,812,072	94.31%
	In which: underwriting reserves	VND m	2,563,848	2,759,085	92.92%
2	Owners' equity, in which	VND m	2,755,345	2,653,235	103.85%
	Non-controlling interests	VND m	30,444	30,236	100.69%
2	Resources structure arrangement				
2,1	Liabilities / total resources	%	56,61	58,96	
2,2	Owners' equity/ total resources	%	43,39	41,04	

- Total assets of Vinare as at 31/12/2016 reached VND 6,350 billion, making up 98.22% against 2015. Assets structure saw no big change in comparison with 2015.
- Total liabilities receivables were at VND962 billion. Ratio of short-term receivables and total assets was at 15.14% and reserve is allocated fully in line with regulations. Current liabilities were mainly in reinsurance payment.
- Owners' equity as at 31/12/2016 reached VND2,755 billion, increasing 103.85% compared with 2015.

❖ Liabilities:

Total liabilities as at 31/12/2016 was VND3,595 billion, accounting for 56.61% of the total resources, equalling to 94.31% of 2015 figure, in which technical reserves were VND2,564 billion, accounting for 71.32% of the liabilities. The amounts of liabilities mainly arose from reinsurance payment.

Improvements of organisation, policies, management:

- Change in cession and retrocession policy towards tightened risk management
- Enhance activities of committees: Compliance, Business Management, Investment Management, Internal Control
- Promulgating new Guidelines on Appointment and Re-appointment of Officers
- Promulgating Internal Labour Rules and Labour Management Rules
- Amend Guidelines on Compensation, Guidelines on Internal Spending, and Guidelines on the Use of Reward and Welfare Funds

Business plan 2017:

Business plan 2017(approved by the Board of Directors):

Unit: VND million

Indicators	2017	2016	Growth
Gross written premium	1,770,000	1,655,558	6.9%
Net written premium	590,000	561,523	5.2%
Pre-tax profit (<i>excluding foreign exchange revaluation</i>)	278,000	266,090	4.5%
Projected dividend (%)	12%	12%	

❖ *Directions:*

- Focus on strengthening product capability and insurance solutions, expanding business exchange domestically and internationally so as to deploy the development strategy on market share and premium volume
- Continue to enhance risk management, improve profitability of reinsurance business, expand reinsurance market, enhance capability of providing value added services to the market (risk management, training, product, solutions for sustainable development)

❖ *Some specific areas:*

- Focus on studying and developing new products: nat cat insurance, Bancassurance, insurance products for public sector, etc,
- Survey and step by step enter neighbouring markets
- Enhance risk management and risk assessment of Property business
- Focus on risk management of Cargo business (bulk cargo)
- Enhance capability of providing liability products
- Complete market and client database; fulfill solutions on development of market, clients and products giải, ect,

❖ *Investment activities:*

- Enhance risk management, protection of capital
- Review assets allocation to ensure compliance with regulatory requirements and long-term and short-term investment returns

- Amend Guidelines on Investment Activities in compliance with new rules and the reality,

Solutions:

❖ Marketing:

- Continue to implement client policy:
 - Establish and complete client and market database system, evaluation client information and products/business line and segment clients, products/services, etc,
 - Provide value added services to clients: risk management, information, training, new products and reward policy
 - Expand client relationship network locally and overseas
- Enhance VINARE's branding and identity in the local and international market
- Study the possibility to expand to international market cautiously: Laos, Cambodia, Myanmar market, etc,
- Continue to study to develop new products (Nat Cat insurance, Credit insurance, PA, etc,)

❖ Risk management:

- Enhance risk assessment activities of VINARE and the market
- Train/recruit actuary
- Develop Pricing Tool

❖ Finance – Accounting:

- Focus on capital – cost management, cost management process

❖ Human resource:

- Organization management system: develop job titles system, job descriptions, competence management
- Human resource training (self-training, outsource training, etc,)
- Develop performance management based on KPI

❖ IT:

- Ensure the safety and efficiency of IT system
- Ensure system security/safety
- Deploy IT system for Finance – Accounting
- Complete HR management IT application
- Develop client management application

Report on responsibility to environment and society: mentioned in the report on business results 2016

EVALUATION OF THE BOD OVER THE PERFORMANCE OF THE CORPORATION:

Evaluation of the BOD over the Corporation's activities:

Overview:

The Board of Directors highly appreciated and acknowledged the Corporation's efforts in fulfilling all targets in the context of a challenging environment as well as other activities in order to improve VINARE's competitiveness like management capability, product capability, investment capability, IT capability and underwriting capability. The Corporation has outperformed the profit target assigned.

Evaluation results of the BOD over the performance of the BOM :

- The BOM has strictly followed all resolutions of Annual General Meeting of Shareholders and Board of Directors.
- The BOM has closely co-ordinated with the BOD, BOC and the Board Committees.
- The BOM has attended and given opinions and inputs at BOD meetings.
- All proposals of the BOM to the BOD have been studied and discussed and the BOD has given out directions in a timely manner.
- The CEO has directed the Corporation and the management level to follow all the decisions of the BOM, GSM and the State's regulations, charter of listed companies in a fully and timely manner.
- The BOM has been trying to improve the Corporation's competitiveness and to provide suitable and efficient solutions for business operation.

Plan and orientation of the BOD

The BOM approved and directed the Corporation to perform the business plan and key tasks in 2017 as follows:

❖ **Business plan 2017:**

Unit: VND million

Item	2017	2016	Growth
Gross written premium	1,770,000	1,655,558	6.9%
Net written premium	590,000	561,523	5.2%
Pre-tax profit (<i>excluding foreign exchange revaluation</i>)	278,000	266,090	4.5%
Projected dividend (%)	12%	12%	

❖ **Key tasks in 2017:**

- Fulfilling the business plan 2017

- Enhancing activities of Public Sector Business Development department, SCA cooperation, Marketing
- Focusing resources for the following areas: Public Asset, Nat Cat, Agriculture, Offshore Fishing and sustainable solutions for the market
- Enhancing value added services to clients, step by step develop and expand the market
- Evaluating existing resources, completing policy on human resource development, strengthening the organization and developing job title system and KPI
- Enhancing actuarial capability
- Enhancing risk management (internally & providing value added)
- Maintaining/ upgrading credit rating
- Focusing on efficient management of expenses
- Enhancing investment capability

CORPORATE MANAGEMENT

- ❖ **Board of Directors**
- ❖ **Board of Control**
- ❖ **Transactions, remuneration and benefits of the BOD, BOM and BOC**

Board of Directors

Board Directors: Board of Directors Third term (2015 – 2019) elected by the Annual General Meeting of Shareholders on 24/4/2015 consists of the following members:

- Mr. Le Song Lai – Chairman
- Mr. Martyn Parker – Deputy Chairman
- Mr. Phan Kim Bang – Deputy Chairman
- Mr. Pham Cong Tu - Director
- Mr. Beat Schnegg - Director
- Mr. Pham Sy Danh - Director
- Mr. Tran Vinh Duc - Director
- Mr. Dao Nam Hai – Director
- Mr. Mai Xuan Dung - Director

Independent Directors:

- Mr. Dao Nam Hai
- Mr. Pham Sy Danh

Non-executive Directors:

- Mr. Le Song Lai
- Mr. Phan Kim Bang
- Mr. Tran Vinh Duc
- Mr. Martyn Parker
- Mr. Beat Schnegg
- Mr. Dao Nam Hai

Share ownership of Directors: according to the registered list of shareholders dated 24/6/2016

No.	Directors	Share ownership 7/3/2016		Share ownership 24/6/2016	
		Authorised Representative	Individual	Authorised Representative	Individual
1	Le Song Lai	15.26%	0.02%	15.26%	0.02%
2	Pham Cong Tu	12.97%	0.21%	12.97%	0.21%
3	Mai Xuan Dung	12.13%	0.03%	12.13%	0.03%
4	Phan Kim Bang	9.18%	0%	9.18%	0%
5	Tran Vinh Duc	6.43%	0.02%	6.43%	0.02%
6	Martyn Parker	0%	0%	0%	0%
7	Dao Nam Hai	2.50%	0%	2.50%	0%
8	Beat Schnegg	0%	0%	0%	0%

9	Pham Sy Danh	0%	0%	0%	0%
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Board Committees:

❖ Strategic Development Committee:

- Mr. Le Song Lai, Head
- Mr. Martyn Parker, Member
- Mr. Pham Cong Tu, Member

❖ Human Resource Committee:

- Mr. Pham Sy Danh, Head
- Mr. Phan Kim Bang, Member
- Mr. Beat Schnegg, Member

❖ Remuneration & Compensation Committee:

- Mr. Dao Nam Hai, Head
- Mr. Mai Xuan Dung, Member
- Mr. Tran Vinh Duc, Member

Activities of Board Committees:

❖ Strategic Development Committee:

- Evaluate dividend payment policy of the Corporation in the past
- Develop the dividend policy for the period 2016 – 2020
- Evaluate and review the business strategy and target for the period 2015 – 2020
- Review and fulfill regulations on corporate governance (in process)
- Give opinion on the report on market and client evaluation

❖ Human Resource Committee:

- Review the Committee's tasks and set up action plan
- Give opinion on human resource planning
- Give opinion on resources development policies

❖ Remuneration and Compensation Committee:

- Review Compensation policy and social insurance payment
- Direct the Corporation to develop new Compensation policy and social insurance payment

Activities of the Board of Directors: The Board of Directors had 4 meetings in 2016

1. The 4th BOD Meeting, 3rd term dated 23/3/2016

- To approve 2015 audited Financial Statement;
- To approve the allocation of profit 2015 and submit to the AGM for approval;

- To approve and submit to the GSM the remuneration for BOD, BOC and secretaries in năm 2015;
- To approve the related party transaction in 2015;
- To approve the Report of the Board of Management 2015, Quarter I/2016;
- To re-appoint Mr. Mai Xuan Dung to hold the position of Deputy CEO of VINARE for three-year term from 01/4/2016. Mr. Mai Xuan Dung receives salary level of II/IV of Deputy CEO title from 01/4/2016 pursuant to the current VINARE's salary scheme, other benefits to be complied with VINARE's regulation;
- To agree with and submit to the AGM to approve the proposal of the BOC on the list of auditing companies for 2016;
- The BOD delegate to the Chairman to approve the documents to submit to the General Meeting of Shareholders 2016 and to decide on arising relating to the convention of the Annual General Meeting of 2016.

2. The 5th BOD Meeting, 3rd term dated 27/4/2016

- Report on the business results of Quarter I/2016
- Report on the preparation for 2016 Annual General Meeting of Shareholders

3. The 6th BOD Meeting, 3rd term dated 25/8/2016

- To approve the business results of 1H 2016 and the performance of 2016 target
- To agree the official retirement of Mr. Dang The Vinh, Deputy CEO on 1/9/2016
- To appoint Mr. Nguyen Manh Linh the position of Deputy CEO, three-year period since 01/9/2016
- To approve the time and agenda of the 7th Meeting, 3rd term of the BOD

4. The 7th BOD Meeting, 3rd term dated 03/11/2016

- Report the business results of the first 9 months of 2016
- Report on the issuance plan of ESOP share

Along with the above direct meeting as mentioned above, the Board of Directors have collected opinions of the Board of Directors in writing and the following decisions have been approved:

No.	Decision	Date	Content
1	Decision No. 01/2016/QD-HDQT	06/01/2016	To assign CEO to decide transactions with the related parties
2	Decision No. 02/2016/QD-HDQT	02/02/2016	To approve the time and agenda of 2016 Annual General Meeting of Shareholders
3	Decision No. 06/2016/QD-HDQT	07/4/2016	+ To appoint members of Shareholders Registration Committee at the AGM on 28/4/2016; + To appoint secretariat at 2017 AGM on 28/4/2016; + To nominate members of Vote Accounting Team at 2017 AGM on 28/4/2016
4	Decision No. 08/2016/QD-HDQT	21/4/2016	To approve and submit to the AGM the full version of the Charter of Organisation and Operation amended

			for the 4 th time
5	Decision No. 10/2016/QD-HDQT	8/6/2016	To agree to select Deloitte Viet Nam as the external auditing company to audit VINARE's 2017 financial statements
6	Decision No. 14/2016/QD-HDQT	20/12/2016	To approve 2017 Reinsurance Programme of VINARE

Board of Control

Board members: The Board of Control Third term (2015 – 2019) elected by the General Meeting of Shareholders on 24/4/2015 consists of the following members:

- Mr. Tran Trung Tinh – Chief Controller
- Ms. Le Thi Thanh Hien - Member
- Mr. Deepak Mohan - Member
- Mr. Do Quang Khanh- Member
- Mr. Tran Phan Viet Hai- Member

Share ownership: according to the registered list of shareholders dated 24/6/2016

No,	Member	Share ownership 7/3/2016		Share ownership 24/6/2016	
		Authorised representative	Individual	Authorised representative	Individual
1	Tran Trung Tinh	0.97%	0%	0.82%	0%
2	Le Thi Thanh Hien	0%	0%	0%	0%
3	Do Quang Khanh	1.49%	0%	1.49%	0%
4	Deepak Mohan	0%	0%	0%	0%
5	Tran Phan Viet Hai	0.71%	0.003%	0.71%	0.003%

Meetings of the Board of Control:

No,	Member	Title	Number of meetings attending	Ratio	Reason for not attending
1	Tran Trung Tinh	Head	02	100%	
2	Le Thi Thanh Hien	Member	02	100%	
3	Do Quang Khanh	Member	02	100%	
4	Deepak Mohan	Member	02	100%	
5	Tran Phan Viet Hai	Member	02	100%	

Activities of the Board of Control:

In 2016, the Board of Control has fully executed its function and mandate in line with the Law on Enterprises and VINARE's Charter capital, and following its assignment and the working regulations for the Board of Control (BOC), as follows:

- The BOC convened periodical meetings, review and submit to the General Meeting of Shareholders (GSM) to approve 2015 financial statements, submit to the GSM to authorize the BOD to select the auditing company for 2016 financial statement, attend 2016 Annual GSM and fully attend the BOD meetings,
- Inspect the performance of the BOD, Board of Management (BOM) in directing and managing the Corporation,
- Check the rationality, legitimacy, honesty and prudence in management and direction, accounting, statistics and preparation of financial statements
- Inspect report on business results, first half and whole year financial statement of the Corporation,
- Consider plans, reports on investment, co-operation projects, organisation governance, labour & compensation, bonus, and policies relating to the employees.
- Strictly co-ordinate with the BOD, BOM and departments

Besides, in order to carry out tasks and functions of the BOC, its members usually monitor VINARE's business operation, governance and direction in terms of task assignment among the BOC.

Based on the inspection results over financial statement, underwriting report and meeting with the BOM, the BOC would like to give some evaluation as follows:

Reinsurance business:

- Outperformed the targets of profit, gross written premium increased by 2.4 per cent compared with 2015 and reaching 95.7% of the plan
- Strictly carried out regulations on finance issues, reserve allocations in a fully and cautious manner,
- Strengthen VINARE's competitiveness capability

Corporate management:

- The BOD and BOM direct the Corporation in a closely and transparent manner
- Decision making processes have been discussed and informed to the BOC in a fully manner
- The BOM strictly followed Decisions, directions of the
- Effective co-ordination among the BOD, BOC, BOM and Board Committees

Finance management:

- In 2016 the Corporation liquidity was at VND1,611,742 million in comparison with the minimum regulated liquidity was at VND206,945 million. The Corporation liquidity is 7.79 times higher than the minimum requirement.

Transactions, remuneration and benefits of the BOD, BOM and BOC

Remunerations and other benefits

Pursuant to the Resolution No. 06/2013/NQ-DHDCD dated 25/4/2013, remuneration for BOD, BOC and secretariat was VND3.85 billion/year. The remuneration for each member is distributed in compliance with Decision No. 11/2015/NQ-HDQT dated 21/8/2015.

Remuneration and other benefits for the BOD and Chief Accountant follow Decision No. 02/2012/QĐ-HDQT dated 20/3/2012 and Decision No. 01/2006/NQ-HDQT dated 19/1/2006.

Income of the Board directors in 2016 as follows:

❖ **Board of Directors:**

Unit: VND

No,	Name	Title	Income
1	Le Song Lai	Chairman, Head of Strategic Development Committee	347,170,699
2	Martyn Parker	Deputy Chairman	207,841,091
3	Phan Kim Bang	Deputy Chairman	233,821,228
4	Pham Cong Tu	Director, CEO	1,984,542,974
5	Tran Vinh Duc	Director	198,388,825
6	Dao Nam Hai	Director, Head of Remuneration and Compensation Committee	252,388,825
7	Beat Schnegg	Director	176,345,622
8	Pham Sy Danh	Director, Head of Human Resource Committee	252,388,825
9	Mai Xuan Dung	Director, Deputy CEO	1,458,054,960

❖ **Board of Control:**

No,	Họ và tên	Chức danh	Thu nhập
1	Tran Trung Tinh	Head	141,356,423
2	Le Thi Thanh Hien	Member	129,693,357
3	Do Quang Khanh	Member	116,724,021
4	Deepak Mohan	Member	103,754,686
5	Tran Phan Viet Hai	Member	116,724,021

❖ **Board of Management and Chief Accountant**

No,	Name	Title	Income
-----	------	-------	--------

1	Pham Cong Tu	CEO	As above
2	Dang The Vinh (<i>retire from 01/9/2016</i>)	Deputy CEO	972,411,443
3	Mai Xuan Dung	Deputy CEO	As above
4	Nguyen Manh Linh (<i>appointed Deputy CEO on 01/9/2016</i>)		741,869,276
4	Yves-Daniel Cochand	Deputy CEO	1,238,197,866
5	Luu Thi Viet Hoa	Chief Accountant, Secretary to the BOD	1,540,207,602

Share transaction of internal shareholders

No.	Person conducting trading	Relationship with internal shareholders	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reasons for increase, decrease
			Number of shares	Ratio	Number of shares	Ratio	
1	Templeton Frontier Markets Fund (FTIF)	Shareholder	5,782,195	4.41%	5,741,795	4.38%	Sold

Contract or transaction with internal shareholders: No

Executions of regulations on corporate governance:

The Corporation has strictly followed regulations on corporate governance as set out in Decree 121/2012/TT-BTC.

For the regulation on the number of independent Board director, currently, the Corporation has had 2/9 members. According to the requirement of the Decree 121/2012/TT-BTC, the minimum number is 1/3 and rounded down.

The BOD has reviewed this requirements of Decree 121/2012/TT-BTC and will accomplish at the nearest time possible.

VIETNAM NATIONAL REINSURANCE CORPORATION
CHIEF EXECUTIVE OFFICER

Pham Cong Tu

APPENDIX

AUDITED CONSOLIDATED FINANCIAL STATEMENT 2016

**VIETNAM NATIONAL REINSURANCE
JOINT STOCK CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2016



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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 2016.

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	Member
Mr. Martyn Parker	Vice Chairman
Mr. Pham Cong Tu	Member
Mr. Tran Vinh Duc	Member
Mr. Dao Nam Hai	Member
Mr. Pham Sy Danh	Member
Mr. Beat Schnegg	Member
Mr. Mai Xuan Dung	Member

Board of General Directors

Mr. Pham Cong Tu	General Director
Mr. Dang The Vinh	Deputy General Director (resigned on 01 September 2016)
Mr. Nguyen Manh Linh	Deputy General Director (appointed on 01 September 2016)
Mr. Mai Xuan Dung	Deputy General Director
Mr. Yves-Danil Conchand	Deputy General Director

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 2016 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 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)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (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 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,



Pham Cong Tu
General Director

Hanoi, 28 February 2017

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 28 February 2017 as set out from page 04 to page 43, which comprise the consolidated balance sheet as at 31 December 2016, 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.

The 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 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' judgment, 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 consolidated financial position of the Corporation as at 31 December 2016, 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 financial reporting.



Nguyen Tuan Anh
Audit Director
Audit Practising Registration Certificate
No. 1291-2013-001-1


Pham Tuan Linh
Auditor
Audit Practising Registration Certificate
No. 3001-2014-001-1

**For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED**

28 February 2017
Hanoi, S.R. Vietnam

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening Balance
A. CURRENT ASSETS (100=110+120+130+140+150+190)	100		4,974,630,577,596	5,278,551,452,636
I. Cash and cash equivalents	110	5	75,029,558,127	215,489,620,218
1. Cash	111		70,829,558,127	200,489,620,218
2. Cash equivalents	112		4,200,000,000	15,000,000,000
II. Short-term financial investments	120	6	2,045,815,094,125	1,974,741,015,580
1. Trading securities	121		19,154,237,103	31,067,564,861
2. Provision for impairment of trading securities	122		(325,057,978)	(6,726,549,281)
3. Held-to-maturity investments	123		2,026,985,915,000	1,950,400,000,000
III. Short-term receivables	130		961,571,460,468	988,251,433,312
1. Short-term trade receivables	131	7	1,017,813,026,176	1,035,509,379,741
1.1. Receivables of insurance contracts	131.1		671,608,358,009	702,403,057,743
1.2. Other trade accounts receivable	131.2		346,204,668,167	333,106,321,998
2. Advances to suppliers	132		-	56,500,000
3. Other short-term receivables	136		342,986,056	338,755,051
4. Provision for short-term doubtful debts	137		(56,584,551,764)	(47,653,201,480)
IV. Inventories	140		53,899,538	206,866,990
1. Inventories	141		53,899,538	206,866,990
V. Other current assets	150		168,059,020,152	159,203,478,279
1. Short-term prepaid expenses	151	8	167,284,562,994	158,476,806,806
1.1. Unallocated commission expenses	151.1		162,868,724,418	158,476,806,806
1.2. Other short-term prepaid expenses	151.2		4,415,838,576	-
2. Value added tax deductibles	152		774,457,158	726,671,473
VI. Reinsurance assets	190		1,724,101,545,186	1,940,659,038,257
1. Unearned premium reserve for outward reinsurance	191		538,028,932,731	490,575,015,171
2. Claim reserve for outward reinsurance	192		1,186,072,612,455	1,450,084,023,086

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

ASSETS	Codes	Notes	Closing balance	Opening Balance
B. NON-CURRENT ASSETS (200=210+220+230+240+250+260)	200		1,375,719,859,874	1,186,755,428,812
I. Long-term receivables	210		22,000,000,000	22,000,000,000
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
II. Fixed assets	220		16,033,364,231	25,264,330,092
1. Tangible fixed assets	221	10	6,495,512,172	8,583,315,430
- Cost	222		25,150,907,036	25,113,907,036
- Accumulated depreciation	223		(18,655,394,864)	(16,530,591,606)
2. Intangible assets	227	11	9,537,852,059	16,681,014,662
- Cost	228		32,434,195,934	32,434,195,934
- Accumulated amortisation	229		(22,896,343,875)	(15,753,181,272)
III. Investment property	230	12	12,400,600,817	13,817,812,339
- Cost	231		34,055,061,893	34,055,061,893
- Accumulated depreciation	232		(21,654,461,076)	(20,237,249,554)
IV. Long-term assets in progress	240		13,558,937,466	13,391,695,266
1. Construction in progress	242		13,558,937,466	13,391,695,266
V. Long-term financial investments	250	6	1,243,783,596,892	1,050,936,263,290
1. Investments in associates	252		202,802,787,058	186,566,776,135
2. Equity investments in other entities	253		476,140,070,000	472,000,270,000
3. Provision for impairment of long-term financial investments	254		(3,852,282,403)	(17,236,940,220)
4. Held-to-maturity investments	255		568,693,022,237	409,606,157,375
VI. Other non-current assets	260		67,943,360,468	61,345,327,825
1. Long-term prepaid expenses	261	8	1,274,232,265	2,737,416,738
2. Deferred tax assets	262		413,921,992	211,038,209
3. Other long-term assets	268	9	66,255,206,211	58,396,872,878
TOTAL ASSETS (270=100+200)	270		6,350,350,437,470	6,465,306,881,448

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

RESOURCES	Codes	Notes	Closing balance	Opening Balance
C. LIABILITIES (300=310+330)	300		3,595,005,021,683	3,812,072,305,307
I. Current liabilities	310		3,589,718,589,047	3,808,248,264,821
1. Short-term trade payables	311	13	865,492,353,438	836,534,241,830
1.1 Payables of insurance contracts	311.1		607,989,414,980	598,460,877,116
1.2. Other trade accounts payable	311.2		257,502,938,458	238,073,364,714
2. Short-term advances from customers	312		2,014,397,619	1,562,551,137
3. Taxes and amounts payable to the State budget	313	14	9,054,718,644	7,883,683,343
4. Payables to employees	314		16,045,137,270	14,028,770,977
5. Other current payables	319	15	5,981,538,353	70,799,143,985
6. Unearned commission income	319.1	15	112,089,806,982	104,434,105,144
7. Bonus and welfare funds	322		15,192,932,223	13,921,185,579
8. Under-writing reserves	329	16	2,563,847,704,518	2,759,084,582,826
8.1. Unearned premium reserves for inward reinsurance	329.1		789,464,591,202	750,087,992,887
8.2. Claim reserves for inward reinsurance	329.2		1,582,784,781,398	1,834,243,959,691
8.3. Catastrophe reserve	329.3		191,598,331,918	174,752,630,248
II. Long-term liabilities	330		5,286,432,636	3,824,040,486
1. Other long-term payables	337	15	3,216,822,676	2,864,775,901
2. Long-term provisions	342		2,069,609,960	959,264,585
D. EQUITY (400=410)	400		2,755,345,415,787	2,653,234,576,141
I. Owners' equity	410		2,755,345,415,787	2,653,234,576,141
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	196,247,856,004	191,870,712,711
4. Compulsory reserve fund	419	17	114,427,745,725	103,484,887,493
5. Retained earnings	421	17	537,098,212,962	450,515,403,971
- Retained earnings accumulated to the prior year end	421a		319,439,466,971	294,219,533,934
- Retained earnings of the current year	421b		217,658,745,991	156,295,870,037
6. Non-controlling interests	429		30,443,693,787	30,235,664,657
TOTAL RESOURCES (440=300+400)	440		6,350,350,437,470	6,465,306,881,448

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

OFF-BALANCE SHEET ITEMS

OFF-BALANCE SHEET ITEMS	Currency	Closing balance	Opening Balance
1. Foreign currencies			
United States Dollar	USD	6,421,292.55	8,381,359.93
Australian Dollar	AUD	383.11	400.63
Japanese Yen	JPY	32,363.00	33,815.00
Singapore Dollar	SGD	478.21	500.29
Great Britain Pound	GBP	187.81	194.41
Euro	EUR	180,250.61	180,029.78



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant




Pham Cong Tu
General Director

Hanoi, 28 February 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

PART I: GENERAL CONSOLIDATED INCOME STATEMENT

Unit: VND

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	964,477,551,001	991,766,780,590
2. Financial income	12	216,337,521,129	214,820,980,122
3. Other income	13	14,721,212,478	15,483,600,730
4. Total expenses for insurance activities	20	818,356,988,482	893,251,421,348
5. Financial expenses	22	25,907,732,774	(3,126,134,030)
6. General and administration expenses	23	88,812,375,162	65,404,937,283
7. Other expenses	24	2,744,439,173	7,031,547,302
8. Net profit from associate	25	27,502,342,383	31,273,955,286
9. Loss from pilot agricultural insurance	26	(46,732,312)	-
10. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+25+26)	50	287,170,359,088	290,783,544,825
11. Current corporate income tax expense	51	47,388,463,218	49,687,681,626
12. Deferred corporate tax (income)/expense	52	(202,883,783)	19,932,765
13. Net profit after corporate income tax (60=50-51-52)	60	239,984,779,653	241,075,930,434

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

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2016

PART II: CONSOLIDATED INCOME STATEMENT BY ACTIVITY

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Insurance premium (01 = 01.2-01.3)	01	18	1,615,531,301,918	1,564,341,904,156
- Inward reinsurance premium	01.2		1,655,557,770,806	1,617,142,212,907
- Increase in unearned premium reserve for inward reinsurance	01.3		40,026,468,888	52,800,308,751
2. Outward reinsurance premium (02 = 02.1-02.2)	02	19	1,046,187,700,508	977,476,921,403
- Outward reinsurance premium	02.1		1,094,034,381,793	1,003,698,253,815
- Increase in unearned premium reserve for outward reinsurance	02.2		47,846,681,285	26,221,332,412
3. Net insurance premium (03 = 01-02)	03		569,343,601,410	586,864,982,753
4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)	04		395,133,949,591	404,901,797,837
- Commission income from outward reinsurance	04.1		219,843,156,945	206,685,148,032
- Other income from insurance activities	04.2	20	175,290,792,646	198,216,649,805
5. Net revenue from insurance activities (10=03+04)	10		964,477,551,001	991,766,780,590
6. Claim settlement expenses (11=11.1)	11		960,920,990,969	1,074,032,964,965
- Total claim settlement expenses	11.1		960,920,990,969	1,074,032,964,965
7. Claim receipts from ceded policies	12		700,149,869,512	742,339,034,035
8. (Decrease)/increase in claim reserve for inward reinsurance	13		(254,549,864,081)	265,115,068,515
9. (Decrease)/increase in claim reserve for outward reinsurance	14		(266,798,257,259)	267,470,688,657
10. Total insurance claim settlement expenses (15=11-12+13-14)	15	21	273,019,514,635	329,338,310,788
11. Increase in catastrophe reserve	16		16,845,701,670	18,403,318,772
12. Other expenses for insurance activities (17=17.1+17.2)	17		528,491,772,177	545,509,791,788
- Insurance commission expenses	17.1		340,266,357,974	332,946,516,626
- Other expenses for insurance activities	17.2	22	188,225,414,203	212,563,275,162
13. Total expenses for insurance activities (18=15+16+17)	18		818,356,988,482	893,251,421,348
14. Gross profit from insurance activities (19=10-18)	19		146,120,562,519	98,515,359,242

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

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2016

PART II: CONSOLIDATED INCOME STATEMENT BY ACTIVITY (Continued)

ITEMS	Codes Notes		Current year	Prior year
15. Financial income	23	23	216,337,521,129	214,820,980,122
16. Financial expenses	24	24	25,907,732,774	(3,126,134,030)
17. Gross profit from financial activities (25=23-24)	25		190,429,788,355	217,947,114,152
18. General and administration expenses	26	25	88,812,375,162	65,404,937,283
19. Net profit from operating activities (30=19+25-26)	30		247,737,975,712	251,057,536,111
20. Other income	31		14,721,212,478	15,483,600,730
21. Other expenses	32		2,744,439,173	7,031,547,302
22. Profit from other activities (40=31-32)	40		11,976,773,305	8,452,053,428
23. Share of net profits of associate	40.1		27,502,342,383	31,273,955,286
24. Loss from pilot agricultural insurance	40.2	27	(46,732,312)	-
25. Accounting profit before tax (50=30+40+40.1+40.2)	50		287,170,359,088	290,783,544,825
26. Current corporate income tax expense	51	29	47,388,463,218	49,687,681,626
27. Deferred corporate tax (income)/expense	52	29	(202,883,783)	19,932,765
28. Profit after corporate income tax (60=50-51-52)	60		239,984,779,653	241,075,930,434
<i>Attributable to:</i>				
Shareholders of the Corporation	61		239,776,750,523	242,587,261,637
Non-controlling interests	62		208,029,130	(1,511,331,203)
29. Basic earnings per share	70	30	1,777	1,802

Nguyen Thanh Cong
Preparer

Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director


Hanoi, 28 February 2017

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

CONSOLIDATED CASH FLOW STATEMENT
(Direct method)

For year ended 31 December 2016

ITEMS	Codes	Current year	Prior year
I. Cash flows from operating activities			
1. Receipts from inward and outward insurance activities	01	614,320,769,133	711,375,841,572
2. Payments for inward and outward insurance activities	02	(416,906,000,524)	(451,663,312,615)
3. Payments for employees	03	(37,038,487,827)	(34,061,092,970)
4. Payments for corporate income tax	05	(46,594,766,144)	(49,100,000,000)
5. Receipts from other activities	06	5,510,433,330	6,023,317,227
6. Payments for other activities	07	(15,778,538,783)	(25,253,155,676)
Net cash generated by operating activities	20	103,513,409,185	157,321,597,538
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(160,367,200)	(1,280,955,283)
2. Cash outflow for lending, buying debt instruments of other entities	23	(1,561,862,112,913)	(1,617,364,844,860)
3. Cash received from lending, selling debt instruments of other entities	24	1,314,534,517,187	1,360,031,966,696
4. Investments in other entities	25	(4,139,800,000)	-
5. Interest earned, dividends and profits received	27	203,664,147,878	206,681,863,718
Net cash (used in) investing activities	30	(47,963,615,048)	(51,931,969,729)
III. Cash flows from financing activities			
1. Dividends and profits paid	36	(196,718,736,500)	(196,271,082,000)
Net cash (used in) financing activities	40	(196,718,736,500)	(196,271,082,000)
Net (decrease) in cash (50 = 20+30+40)	50	(141,168,942,363)	(90,881,454,191)
Cash and cash equivalents at the beginning of the year	60	215,489,620,218	297,587,919,060
Effects of changes in foreign exchange rates	61	708,880,272	8,783,155,349
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	75,029,558,127	215,489,620,218


Nguyen Thanh Cong
Preparer


Luu Thi Viet Hoa
Chief Accountant


Pham Cong Tu
General Director

Hanoi, 28 February 2017

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 2016 was 100 (31 December 2015: 96).

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 production and business cycle

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

The Corporation's structure

As at 31 December 2016, 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% and 60%, respectively.

As at 31 December 2016, the Corporation has an associate namely Samsung Vina Insurance Ltd with the Corporation's proportion of ownership interest and voting power held of 25% each.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2015.

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 interim 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 year

The Corporation's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE AND REGULATION

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of General Directors has applied Circular 53 in the preparation and presentation of the Corporation's consolidated financial statements for year ended 31 December 2016.

On 01 July 2016, the Government issued Decree No. 73/2016/ND-CP ("Decree 73") on details of the implementation of the law on insurance business and amendments to certain articles of the law on insurance business. Decree 73 is effective from 01 July 2016. The Board of General Directors has adopted Decree 73 in the preparation and presentation of the Corporation's consolidated financial statements for the year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results could differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and an enterprise controlled by the Corporation (its subsidiary) prepared for the year ended 31 December 2016. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation. Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associate

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these interim financial statements using the equity method of accounting. Interests in associate are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transactions with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

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, claim reserve for outward reinsurance and 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 short-term trade payables, other payables, claim reserve for inward reinsurance 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 represents 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 insurance-related receivables balance less than total insurance-related payables balance, no provision should be made. In the contrary case, the Corporation will offset the insurance-related payables balance with the insurance-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 offset, 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 determined 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. Concurrently, 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:

	Current year (Years)
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 securities held by the Corporation for trading purposes. Trading securities are 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.

Provision for impairment of investments in trading securities is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance 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.

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.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

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. Provision for impairment of the equity investments in other entities is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance 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 the purposes not yet determined, 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 by relate to results of operations of multiple accounting periods. 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.

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, 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 item "Commission income from outward reinsurance".

At the year end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this year so as to allocate such commission income to the subsequent accounting year under 25% rate method for cargo insurance and 50% rate method for other 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" items.

At the period year, 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 accounting years under 25% rate method for cargo insurance and 50% rate method for other kinds of insurance.

Other income and expenses relating to insurance activities

With respect to deposits arising from reinsurance contracts, other incomes from insurance activities are recognized when the Corporation receives the deposits and other expenses for insurance activities are recognized when the deposits are returned.

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Corporation for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each financial year. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

Foreign currencies

- The Corporation applies an accounting exchange rate of 22,500 VND/USD in the year (for the year ended 31 December 2015: 21,400 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. Such exchange differences 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 22,715 VND/USD (as at 31 December 2015: 22,450 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,785 VND/USD (as at 31 December 2015: 22,540 VND/USD). Such exchange differences 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 as follow: 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 22,715 VND/USD (as at 31 December 2015: 22,450 VND/USD), balances of payables are translated using the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)'s selling exchange rate of 22,785 VND/USD (as at 31 December 2015: 22,540 VND/USD). Such exchange differences 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.

All profits are used to pay dividends to shareholders, 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 19 April 2012, the Ministry of Finance issued Official Letter No. 5297/BTC-QLBH on the registration of the method to make reserves for insurance transactions of the Corporation since 2012. Accordingly, under-writing reserves of the Corporation in the year are made as follows:

Premium reserve: This reserve is provided for at 25% of the inward reinsurance premium and outward reinsurance premium for the year 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.

Claim reserves:

- For losses that have been incurred and reported, the Corporation makes compensation reserves for inward reinsurance and outward reinsurance by the method of each case based on the level of responsibility to 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 over all types of insurance.

Catastrophe reserve: This reserve is made annually under statistical method (at a rate of 3% of the retained premium rate of all transactions) until it reaches 100% of the premium retained in the year in accordance with Decree No. 46/2007/ND-CP issued by the Government dated 27 March 2007 ("Degree No. 46") and superseded by Decree No. 73/2016/ND-CP issued by the Government dated 01 July 2016 effective from 01 July 2016.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard No. 19 - "Insurance Contract" and Decision No. 100/2005/QĐ-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, Decree No. 46/2007/ND-CP issued by the Government dated 27 March 2007 ("Degree No. 46") and Decree No. 73/2016/ND-CP issued by the Government dated 01 July 2016 effective from 01 July 2016, effective from 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 2016 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 are 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.

5. CASH AND CASH EQUIVALENTS

	Closing balance	Opening Balance
	VND	VND
Cash on hand	2,168,042,373	2,201,818,272
Bank demand deposits	68,661,515,754	198,287,801,946
Cash equivalents	4,200,000,000	15,000,000,000
	75,029,558,127	215,489,620,218

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6. FINANCIAL INVESTMENTS

	Closing balance			Opening balance		
	Historical cost VND	Fair value VND	Provision VND	Historical cost VND	Fair value VND	Provision VND
a) Trading securities	19,154,237,103	18,829,179,125	(325,057,978)	31,067,564,861	25,877,908,800	(6,726,549,281)
- Total value of stocks	19,154,237,103	18,829,179,125	(325,057,978)	31,067,564,861	25,877,908,800	(6,726,549,281)
+ Bank for Investment and Development of Vietnam Insurance Corporation (BIC)	-	-	-	1,458,310,200	2,626,241,500	-
+ Military Commercial Joint Stock Bank (MBB)	9,493,272,330	9,422,700,000	(70,572,330)	114,205	131,400	-
+ Song Da 10 Joint Stock Company (SDT)	-	-	-	10,004,752,882	7,115,440,000	(2,889,312,882)
+ FPT Joint Stock Company (FPT)	9,291,055,275	9,291,055,275	-	9,291,055,275	9,660,000,000	-
+ PetroVietnam General Services Joint Stock Company (PET)	-	-	-	7,435,328,889	5,676,240,500	(1,759,088,389)
+ Others	369,909,498	115,423,850	(254,485,648)	2,878,003,410	799,855,400	(2,078,148,010)
b) Held-to-maturity investments	2,595,678,937,237		(1,893,633,934)	2,360,006,157,375		-
b1) Short-term	2,026,985,915,000		-	1,950,400,000,000		-
- Short-term deposits (i)	2,026,985,915,000		-	1,920,400,000,000		-
- Bonds (iii)	-		-	30,000,000,000		-
b2) Long-term	568,693,022,237		(1,893,633,934)	409,606,157,375		-
- Long-term deposits (ii)	185,000,000,000		-	68,000,000,000		-
- Bonds (iii)	170,000,000,000		-	180,000,000,000		-
- Entrustment investments (iv)	207,371,816,174		(1,893,633,934)	147,926,617,979		-
- Other long-term investments	6,321,206,063		-	13,679,539,396		-
c) Equity investments in other entities	678,942,857,058		(1,958,648,469)	658,567,046,135		(17,236,940,220)
- Investments in associate	202,802,787,058		-	186,566,776,135		-
- Investments in other entities (v)	476,140,070,000		(1,958,648,469)	472,000,270,000		(17,236,940,220)

- (i) Short-term deposits represent deposits with original terms of over 3 months and remaining maturities as at 31 December 2016 of under 12 months at domestic commercial banks, with interest rates from 6.0 % to 7.5% per annum.
- (ii) Long-term deposits represent term deposits with terms of more than 12 months at domestic commercial banks and Home Credit Vietnam Limited Company, with interest rates from 7.1% to 10.2% per annum.
- (iii) Bonds include corporate bonds and Government bonds with the maturities from 01 year to 06 years and interest rates from 7.255% to 9.5% per annum.
- (iv) Entrustment investments represent investments under trust contracts signed with Vietcombank Fund Management, Bao Viet Fund Management Co., Ltd. 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:

	Proportion of ownership interest as at 31/12/2016	Closing balance VND	Opening Balance VND
Equity investments in:			
Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Post- Telecommunication Joint Stock Insurance Company	4.42%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.00%	10,139,800,000	6,000,000,000
Global Insurance Joint Stock Company	4.40%	17,600,000,000	17,600,000,000
Phu Hung Insurance Joint Stock Company	2.26%	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	1.68%	2,695,000,000	2,695,000,000
Hung Vuong Insurance Joint Stock Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.47%	278,000,000,000	278,000,000,000
		476,140,070,000	472,000,270,000

At the date of these consolidated financial statements, the Corporation has assessed and made provision for impairment of equity investments as at 31 December 2016 based on the investees' financial statements for the year ended 31 December 2016. For investees whose financial statements for the year ended 31 December 2016 have not been available yet, the Corporation used the latest financial statements collected for assessment. Information on bonus shares received as at 31 December 2016 of these investees are as follows:

	Par value	Number of shares
Petrolimex Joint Stock Insurance Company	10,000	353,056
Tien Phong Commercial Joint Stock Bank	10,000	2,500,000
Post- Telecommunication Joint Stock Insurance Company	10,000	381,024
Sai Gon - Ha Long Hotel	10,000	96,000
FPT Joint Stock Company	10,000	32,250
Military Commercial Joint Stock Bank	10,000	32,050

Details of the associate of the Corporation as at 31 December 2016 are as follows:

Associate	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Samsung Vina Insurance Co., Ltd.	Ho Chi Minh City	25%	25%	Non-life insurance

Summary of financial information about Samsung Vina Insurance Co., Ltd. is presented as follows:

	Closing balance VND	Opening Balance VND
Total assets	1,825,635,499,315	1,930,758,954,110
Total liabilities	1,014,424,351,084	1,184,491,849,571
Net assets	811,211,148,231	746,267,104,539
The Corporation's share of the associate's net assets	202,802,787,058	186,566,776,135
	Current year VND	Prior year VND
Revenue	250,891,320,409	342,528,350,254
Net profit	110,009,369,534	125,095,821,144
The Corporation's share of the associate's net profit	27,502,342,383	31,273,955,286
	Current year VND	Prior year VND
Opening balance	186,566,776,135	167,306,051,992
The Corporation's share of the associate's net profit	27,502,342,383	31,273,955,286
Influenced by changing the proportion of ownership	-	1,707,031,069
Dividends received	(11,266,331,460)	(13,720,262,212)
Closing balance	202,802,787,058	186,566,776,135

- Summary of the performance of the associate in the year: the Corporation's associate has stable operation under registered operation sectors in the year ended 31 December 2016.
- The significant transactions between the Corporation and its associate in the year, are as follows:

+ The Corporation and Samsung Vina Insurance Co., Ltd. jointly enter into transactions of inward/outward reinsurance premium, inward/outward reinsurance commissions and outward/inward reinsurance claim.

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 on the nearest day of the reporting date.
- At the reporting date, fair value of other investments of which information for fair value determination is inadequate shall not be determined.

7. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening Balance
	VND	VND
Receivables from insurance contracts	671,608,358,009	702,403,057,743
- Receivables from inward reinsurance	318,381,313,467	245,413,218,686
- Receivables from outward reinsurance	337,470,356,660	416,571,252,771
- Other receivables from reinsurance activities	15,756,687,882	40,418,586,286
Other trade receivables	346,204,668,167	333,106,321,998
- Accrued gains on investments	87,350,808,582	96,504,533,675
- Other receivables related to swap contracts	245,322,000,000	224,500,000,000
- Other receivables	13,531,859,585	12,101,788,323
	1,017,813,026,176	1,035,509,379,741

8. PREPAID EXPENSES

	Closing balance	Opening Balance
	VND	VND
a) Short-term	167,284,562,994	158,476,806,806
Unallocated commission expenses	162,868,724,418	158,476,806,806
- Opening balance	158,476,806,806	144,750,901,483
- Unallocated commission expenses incurred in the year	344,658,275,586	346,672,421,949
- Commission expenses allocated in the year	340,266,357,974	332,946,516,626
- Closing balance	162,868,724,418	158,476,806,806
Other prepaid expenses	4,415,838,576	-
b) Long-term	1,274,232,265	2,737,416,738
Golf card expenses	1,155,018,932	1,212,037,690
Other long-term prepaid expenses	119,213,333	1,525,379,048
	168,558,795,259	161,214,223,544

9. OTHER LONG-TERM ASSETS

	Closing balance	Opening Balance
	VND	VND
Paragon Tower Project	20,620,952,000	20,620,952,000
Tincom Plaza (360 Giai Phong road) Project	45,634,254,211	37,775,920,878
	66,255,206,211	58,396,872,878

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 decline in impairment of the deposits.

10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
COST	VND	VND	VND	VND	VND
Opening balance	15,170,997,037	2,980,277,071	6,677,092,474	285,540,454	25,113,907,036
Additions	-	-	37,000,000	-	37,000,000
Closing balance	15,170,997,037	2,980,277,071	6,714,092,474	285,540,454	25,150,907,036
ACCUMULATED DEPRECIATION					
Opening balance	9,249,077,463	2,482,874,509	4,548,458,555	250,181,079	16,530,591,606
Additions	607,376,367	205,821,750	1,294,632,641	16,972,500	2,124,803,258
Closing balance	9,856,453,830	2,688,696,259	5,843,091,196	267,153,579	18,655,394,864
NET BOOK VALUE					
Closing balance	5,314,543,207	291,580,812	871,001,278	18,386,875	6,495,512,172
Opening balance	5,921,919,574	497,402,562	2,128,633,919	35,359,375	8,583,315,430

As at 31 December 2016, the total cost of tangible fixed assets includes VND 3,121,726,830 (as at 31 December 2015: VND 3,087,526,830) of assets which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

The balance of intangible assets as at 31 December 2016 mainly represents cost and accumulated amortisation of reinsurance software.

12. INCREASES, DECREASES IN INVESTMENT PROPERTY

Items	Open balance VND	Increase VND	Decrease VND	Closing Balance VND
Investment properties held for rentals				
Cost	34,055,061,893	-	-	34,055,061,893
- Building (i)	34,055,061,893	-	-	34,055,061,893
Accumulated depreciation	20,237,249,554	1,417,211,522	-	21,654,461,076
- Building (i)	20,237,249,554	1,417,211,522	-	21,654,461,076
Net book value	13,817,812,339	-	-	12,400,600,817
- Building	13,817,812,339	-	-	12,400,600,817

(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 2016 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

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
Payables of insurance contracts	607,989,414,980	598,807,995,047
- Payables for inward reinsurance activities	229,001,466,355	193,579,100,580
- Payables for outward reinsurance activities	369,980,894,859	365,873,692,786
- Other payables for reinsurance activities	9,007,053,766	39,355,201,681
Other trade accounts payable	257,502,938,458	237,726,246,783
- Temporary Withholding Tax collection (2% of overseas reinsurance premium)	7,359,399,849	10,159,550,306
- Other payables related to swap contracts	247,769,600,000	224,559,970,000
- Other payables	2,373,938,609	3,006,726,477
	865,492,353,438	836,534,241,830

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>Opening Balance</u>	<u>Payable during</u>	<u>Paid during the</u>	<u>Closing balance</u>
	VND	the year	year	VND
Value added tax on domestic sales	82,808,521	1,624,931,421	1,517,354,664	190,385,278
Corporate income tax	7,687,964,277	47,388,463,218	46,594,766,144	8,481,661,351
Personal income tax	20,879,655	6,534,514,109	6,205,712,661	349,681,103
Business license tax	-	4,000,000	4,000,000	-
Other taxes and charges payable	92,030,890	2,509,501,592	2,568,541,570	32,990,912
Total	7,883,683,343	58,061,410,340	56,890,375,039	9,054,718,644

15. OTHER PAYABLES

	<u>Closing balance</u>	<u>Opening Balance</u>
	VND	VND
a) Short-term	118,071,345,335	175,233,249,129
Unearned commission income	112,089,806,982	104,434,105,144
- Opening balance	104,434,105,144	97,838,561,942
- Unearned commission income incurred in the year	227,498,858,783	213,280,691,234
- Commission income allocated in the year	219,843,156,945	206,685,148,032
- Closing balance	112,089,806,982	104,434,105,144
Other current payables	5,981,538,353	70,799,143,985
Dividends payable	-	65,646,669,500
Other payables	5,981,538,353	5,152,474,485
b) Long-term	3,216,822,676	2,864,775,901
Long-term deposits	3,216,822,676	2,864,775,901
	121,288,168,011	178,098,025,030

16. UNDER-WRITING RESERVES

Claim reserve and Unearned premium reserve	Opening Balance		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
I. Normal activities			
1. Claim reserve	1,569,647,935,058	1,174,195,287,768	395,452,647,290
Reserve for losses incurred and reported	1,486,870,046,517	1,119,493,568,678	367,376,477,839
Reserve for losses incurred not yet reported	82,777,888,541	54,701,719,090	28,076,169,451
2. Unearned premium reserve	789,464,591,202	538,028,932,731	251,435,658,471
II. Pilot agricultural insurance activities			
1. Claim reserve	13,136,846,340	11,877,324,687	1,259,521,653
Reserve for losses incurred and reported	13,136,846,340	11,877,324,687	1,259,521,653
Reserve for losses incurred not yet reported	-	-	-
2. Unearned premium reserve	-	-	-
	2,372,249,372,600	1,724,101,545,186	648,147,827,414

In which:

Claim reserve	Current year		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
I. Normal activities			
Opening balance	1,824,197,799,139	1,440,993,545,027	383,204,254,112
(Reversal) in the year	(254,549,864,081)	(266,798,257,259)	12,248,393,178
II. Pilot agricultural insurance activities			
Opening balance	10,046,160,552	9,090,478,059	955,682,493
Increase in the year	3,090,685,788	2,786,846,628	303,839,160
Closing balance	1,582,784,781,398	1,186,072,612,455	396,712,168,943

Unearned premium reserve	Current year		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	Net unearned inward premium reinsurance reserve
	VND	VND	VND
I. Normal activities			
Opening balance	749,438,122,314	490,182,251,446	259,255,870,868
Increase in the year	40,026,468,888	47,846,681,285	(7,820,212,397)
II. Pilot agricultural insurance activities			
Opening balance	649,870,573	392,763,725	257,106,848
(Reversal) in the year	(649,870,573)	(392,763,725)	(257,106,848)
Closing balance	789,464,591,202	538,028,932,731	251,435,658,471

Catastrophe reserve	Current year	Prior year
	VND	VND
I. Normal activities		
Opening balance	165,875,947,082	147,472,628,310
Increase in the year	16,845,701,670	18,403,318,772
II. Pilot agricultural insurance activities		
Opening balance	8,876,683,166	6,460,168,954
Increase in the year	-	2,416,514,212
Closing balance	191,598,331,918	174,752,630,248

17. OWNERS' EQUITY

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Compulsory reserve fund VND	Retained earnings VND	Total VND
Prior year's opening balance	1,310,759,370,000	566,368,537,309	187,779,081,159	93,255,808,614	489,126,408,365	2,647,289,205,447
Profit for the year	-	-	-	-	242,587,261,636	242,587,261,636
Profit distribution to funds	-	-	4,091,631,552	10,229,078,879	(20,753,423,100)	(6,432,712,669)
Dividends declared	-	-	-	-	(262,151,874,000)	(262,151,874,000)
Other increases	-	-	-	-	1,707,031,070	1,707,031,070
Current year's opening balance	1,310,759,370,000	566,368,537,309	191,870,712,711	103,484,887,493	450,515,403,971	2,622,998,911,484
Profit for the year	-	-	-	-	239,776,750,523	239,776,750,523
Profit distribution to funds (i)	-	-	4,377,143,293	10,942,858,232	(22,118,004,532)	(6,798,003,007)
Dividends declared (i)	-	-	-	-	(131,075,937,000)	(131,075,937,000)
Current year's closing 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

(i) According to Resolution No. 09/2016/NQ-DHDCD dated 28 April 2016 by the Annual General Meeting of Shareholders of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the second dividend payment for 2015 to the shareholders at the rate of 10% from the retained earnings, which is equivalent to VND 131,075,937,000 and, simultaneously, made temporary distribution of VND 22,118,004,532 to the funds from the profit for the year ended 31 December 2016. The final decision on 2016 profit distribution shall be made in the forth-coming Annual General Meeting of Shareholders.

Owners' contributed capital

As at 31 December 2016, the total capital actually contributed by shareholders and share premium are as follows:

	Contributed capital			
	Closing balance		Opening Balance	
	VND	Proportion	VND	Proportion
Owners' contributed capital	1,310,759,370,000	100%	1,310,759,370,000	100%
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%
Share premium	566,368,537,309		566,368,537,309	
	1,877,127,907,309		1,877,127,907,309	

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>	131,075,937	131,075,937

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

18. REINSURANCE PREMIUM

	Current year VND	Prior year VND
Inward reinsurance premium	1,686,382,751,821	1,649,647,980,742
<i>Energy insurance</i>	14,931,056,636	17,240,850,443
<i>Hull and P&I insurance</i>	265,804,396,918	262,340,042,615
<i>Cargo insurance</i>	154,435,626,619	238,056,735,359
<i>Engineering insurance</i>	297,360,530,468	283,699,986,619
<i>Fire and property insurance</i>	506,457,060,971	531,554,892,307
<i>Aviation insurance</i>	34,927,362,280	30,971,749,144
<i>Other insurance</i>	412,466,717,929	285,783,724,255
Deductions in inward reinsurance premium	(30,824,981,015)	(32,505,767,835)
Increase in unearned premium reserve for inward reinsurance	40,026,468,888	52,800,308,751
	1,615,531,301,918	1,564,341,904,156

19. OUTWARD REINSURANCE PREMIUM

	Current year	Prior year
	VND	VND
Total outward reinsurance premium	1,105,217,404,169	1,018,776,094,545
Energy insurance	10,744,569,180	11,425,647,435
Hull and P&I insurance	183,010,393,950	176,010,206,911
Cargo insurance	36,339,439,711	47,303,332,044
Engineering insurance	151,586,092,368	142,052,432,428
Fire and property insurance	370,130,061,978	404,841,512,021
Aviation insurance	33,636,255,823	29,163,419,742
Other insurance	319,770,591,159	207,979,543,964
Deductions in outward reinsurance premium	(11,183,022,376)	(15,077,840,730)
Increase in unearned premium reserve for outward reinsurance	47,846,681,285	26,221,332,412
	1,046,187,700,508	977,476,921,403

20. OTHER INCOME FROM INSURANCE ACTIVITIES

	Current year	Prior year
	VND	VND
Other receipts from inward reinsurance activities	84,024,987,360	106,579,970,343
Claim reserve released	84,024,987,360	104,787,629,337
Other receipts	-	1,792,341,006
Other receipts from outward reinsurance activities	91,265,805,286	91,636,679,462
Claim reserved retained	85,832,433,984	86,875,754,388
Other receipts	5,433,371,302	4,760,925,074
	175,290,792,646	198,216,649,805

21. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	Current year	Prior year
	VND	VND
Claim settlement expenses	960,920,990,969	1,074,032,964,965
Energy insurance	12,143,637,282	17,186,851,530
Hull and P&I insurance	113,643,707,791	157,504,972,745
Cargo insurance	95,440,735,643	146,750,697,408
Engineering insurance	161,994,299,142	146,527,858,847
Fire and property insurance	338,547,336,086	460,905,592,252
Aviation insurance	3,511,910,639	4,365,396,986
Other insurance	235,639,364,386	140,791,595,197
Claim receipts from ceded policies	700,149,869,512	742,339,034,035
(Decrease)/increase in inward reinsurance claim reserve	(254,549,864,081)	265,115,068,515
(Decrease)/increase in outward reinsurance claim reserve	(266,798,257,259)	267,470,688,657
	273,019,514,635	329,338,310,788

22. OTHER EXPENSES FOR INSURANCE ACTIVITIES

	Current year	Prior year
	VND	VND
Other payments for inward reinsurance activities	112,918,557,976	116,865,746,659
Claim reserve retained	100,448,863,791	114,924,489,294
Other expenses	12,469,694,185	1,941,257,365
Other payments for outward reinsurance activities	75,306,856,227	95,697,528,503
Claim reserve released	74,894,920,048	93,339,796,831
Other expenses	411,936,179	2,357,731,672
	188,225,414,203	212,563,275,162

23. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest on time deposits	130,604,213,085	139,177,621,215
Dividends and profits received	22,011,843,100	20,057,437,220
Interest on bonds, commercial bills	15,910,106,850	12,704,089,041
Interest on entrusted investments	22,979,708,630	20,138,446,897
Interest on exchange differences	17,028,733,911	20,451,990,986
Interest on securities trading	4,692,241,984	1,877,541,316
Interest on demand deposits	384,449,138	413,853,447
Other financial income	2,726,224,431	-
	216,337,521,129	214,820,980,122

24. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Loss on exchange differences	16,828,543,651	10,187,486,860
Loss on securities trading	8,478,342,899	102,081,484
(Reversal) of provision for impairment of investments	(18,293,355,757)	(26,325,246,500)
Others	18,894,201,981	12,909,544,126
	25,907,732,774	(3,126,134,030)

25. GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Administrative staff expenses	46,769,679,564	48,695,160,438
Office expenses	796,047,537	738,849,145
Depreciation and amortisation	9,267,965,861	9,435,125,672
Taxes, fees and charges	2,541,652,726	518,337,584
Provision expense/(reversal)	10,041,695,659	(7,306,315,289)
Out-sourced services	10,012,134,564	4,009,393,278
Expenses for business transactions, conferences, advertising	9,326,180,267	5,531,260,707
Other administration expenses	57,018,984	3,783,125,748
	88,812,375,162	65,404,937,283

26. COST BY NATURE

	Current year	Prior year
	VND	VND
Cost of insurance activities	818,356,988,482	893,251,421,348
Labour	46,769,679,564	48,695,160,438
Depreciation and amortisation	9,267,965,861	9,435,125,672
Out-sourced services	10,012,134,564	4,009,393,278
Provision expense/(reversal)	10,041,695,659	(7,306,315,289)
Other monetary expenses	12,720,899,514	10,571,573,184
	907,169,363,644	958,656,358,631

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.

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/QĐ-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 insurance activities (if any) shall be recorded to catastrophe reserves at the financial year end.

In 2016, the total negative operating result from fishing vessel insurance activities of VND 2,287,963,793 is allocated to profit and loss during the year.

29. CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
Profit before tax	287,170,359,088	290,783,544,825
Adjustments for taxable profit		
Less: Non-taxable income	(54,182,485,438)	(71,709,258,192)
Add: Non-deductible expenses	4,162,471,572	5,267,480,465
Add: (Profit)/Loss of subsidiary attributable to non-controlling interests	(208,029,130)	1,511,331,203
Taxable profit	236,942,316,092	225,853,098,301
Normal tax rate	20%	22%
Current corporate income tax payable	47,388,463,218	49,687,681,626
Deferred corporate tax expense	(202,883,783)	19,932,765

30. BASIC EARNINGS PER SHARE

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

	Unit	Current year	Prior year
Profit after corporate income tax	VND	239,984,779,653	241,075,930,434
Less: estimated amount accrued for bonus and welfare fund	VND	6,798,003,007	6,432,712,669
Less: (loss) after corporate income tax distributable to non-controlling interests	VND	208,029,130	(1,511,331,203)
Profit used to calculate basic earnings per share	VND	232,978,747,516	236,154,548,968
Average number of outstanding ordinary shares in circulation	Shares	131,075,937	131,075,937
Basic earnings per share	VND	1,777	1,802

In 2016, the Corporation has adopted the Circular No. 200/2014/TT-BTC issued by the Ministry of Finance dated 22 December 2014, guiding on the accounting regime for the business, which leads to the retroactive adjustment of profit to calculate basic earnings per share for the financial year ended 31 December 2015 due to the impact of the elimination of the Bonus and welfare fund from the after-tax profits in calculating basic earnings per share.

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 4.

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening Balance
	VND	VND
Financial assets		
Cash and cash equivalents	75,029,558,127	215,489,620,218
Trade receivables	961,424,021,468	987,856,178,261
Claim reserve for outward reinsurance	1,186,072,612,455	1,450,084,023,086
Short-term investments	2,045,815,094,125	1,974,741,015,580
Long-term investments	1,040,980,809,834	864,369,487,155
Total	5,309,322,096,009	5,492,540,324,300
Financial liabilities		
Trade and other payables	858,132,953,589	892,021,361,024
Claim reserve for inward reinsurance	1,582,784,781,398	1,834,243,959,691
Long-term deposits received	3,216,822,676	2,864,775,901
Total	2,444,134,557,663	2,729,130,096,616

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.

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 management thus holds responsibility to set up the risk tolerance level appropriate with business performance of the Corporation at certain period as well as approve the insurance and reinsurance schemes on annual basis.

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 (USD)	784,145,776,097	816,113,763,292	385,810,382,838	434,852,975,951
Euro (EUR)	4,452,085,435	4,647,250,416	829,359,140	937,341,728
Great Britain Pound (GBP)	6,273,683	6,450,673	14,273,797	14,279,909
Australian Dollar (AUD)	6,260,679	6,548,874	-	2,329,852
Singapore Dollar (SGD)	38,420,343	42,367,262	19,841,884	24,978,749
Japanese Yen (JPY)	280,835,199	579,946,344	94,571,524	95,909,458

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 period-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 year would increase/decrease by the respective amounts as follows:

	Current year	Prior year
	VND	VND
United States Dollar (USD)	19,916,769,663	19,063,039,367
Euro (EUR)	181,136,315	185,495,434

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 subsidiary and associate. The Corporation's Board of Management assesses and approves decisions on investments in subsidiary and associate such as operating industry, investees, etc. Investments in subsidiary and 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.

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 consolidated 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 liabilities 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
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	<u>Less than 1 year</u> <u>VND</u>	<u>From 1 - 5 years</u> <u>VND</u>	<u>Over 5 years</u> <u>VND</u>	<u>Total</u> <u>VND</u>
Closing balance				
Cash and cash equivalents	75,029,558,127	-	-	75,029,558,127
Trade receivables	961,424,021,468	-	-	961,424,021,468
Claim reserve for outward reinsurance	1,186,072,612,455	-	-	1,186,072,612,455
Short-term investments	2,045,815,094,125	-	-	2,045,815,094,125
Long-term investments	-	566,799,388,303	474,181,421,531	1,040,980,809,834
Total	4,268,341,286,175	566,799,388,303	474,181,421,531	5,309,322,096,009
Closing balance				
Trade and other payables	858,132,953,589	-	-	858,132,953,589
Claim reserve for inward reinsurance	1,582,784,781,398	-	-	1,582,784,781,398
Long-term deposits received	-	3,216,822,676	-	3,216,822,676
Total	2,440,917,734,987	3,216,822,676	-	2,444,134,557,663
Net liquidity gap	1,827,423,551,188	563,582,565,627	474,181,421,531	2,865,187,538,346
	<u>Less than 1 year</u> <u>VND</u>	<u>From 1 - 5 years</u> <u>VND</u>	<u>Over 5 years</u> <u>VND</u>	<u>Total</u> <u>VND</u>
Opening Balance				
Cash and cash equivalents	215,489,620,218	-	-	215,489,620,218
Trade receivables	987,856,178,261	-	-	987,856,178,261
Claim reserve for outward reinsurance	1,450,084,023,086	-	-	1,450,084,023,086
Short-term investments	1,974,741,015,580	-	-	1,974,741,015,580
Long-term investments	-	395,051,872,870	469,317,614,285	864,369,487,155
Total	4,628,170,837,145	395,051,872,870	469,317,614,285	5,492,540,324,300
Opening Balance				
Trade and other payables	892,021,361,024	-	-	892,021,361,024
Claim reserve for inward reinsurance	1,834,243,959,691	-	-	1,834,243,959,691
Long-term deposits received	-	2,864,775,901	-	2,864,775,901
Total	2,726,265,320,715	2,864,775,901	-	2,729,130,096,616
Net liquidity gap	1,901,905,516,430	392,187,096,969	469,317,614,285	2,763,410,227,684

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.

32. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related parties	Relationship
State Capital Investment Corporation	Major shareholder
Swiss Re Group	Major shareholder
Bao Minh Insurance Joint Stock Corporation	Same owner
Samsung Vina Insurance Co., Ltd.	Associate

During the year, the Corporation entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
<u>Swiss Re Group</u>		
Outward reinsurance premium	192,186,277,177	191,853,859,822
Outward reinsurance commission	57,984,946,896	56,501,301,450
Receipt from outward reinsurance claim	128,755,161,324	120,241,563,905
Dividends paid	49,153,483,500	49,153,483,500
<u>Bao Minh Insurance Joint Stock Corporation</u>		
Outward reinsurance premium	80,838,873,156	79,519,166,483
Outward reinsurance commission	18,052,103,709	18,353,002,139
Receipt from outward reinsurance claim	61,842,099,632	69,304,253,152
Inward reinsurance premium	122,347,645,681	120,587,460,210
Inward reinsurance commission	27,634,245,210	27,806,624,774
Claim settlements of inward reinsurance	128,478,881,379	89,788,633,477
<u>Samsung Vina Insurance Co., Ltd.</u>		
Outward reinsurance premium	660,421,090	353,123,706
Outward reinsurance commission	229,364,390	99,333,049
Receipt from outward reinsurance claim	713,969,640	5,086,606,057
Inward reinsurance premium	125,519,371,519	182,467,387,074
Inward reinsurance commission	25,267,554,252	38,525,260,011
Claim settlements of inward reinsurance	218,178,800,051	285,294,876,880
Dividends received	11,266,331,460	13,720,262,212
<u>State Capital Investment Corporation</u>		
Dividends paid	79,359,052,500	79,359,052,500
<u>The Board of General Directors</u>		
Remuneration for the year	6,120,091,756	4,874,870,614

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

	<u>Closing balance</u> VND	<u>Opening Balance</u> VND
<u>Swiss Re Group</u>		
Receivables from outward reinsurance activities	25,903,088,783	30,572,635,960
Payables for outward reinsurance activities	31,056,314,263	28,433,346,197
Dividends payable	-	16,384,494,500
<u>Bao Minh Insurance Joint Stock Corporation</u>		
Receivables from inward reinsurance activities	23,440,118,803	32,018,153,005
Receivables from outward reinsurance activities	26,931,803,881	48,876,894,169
Payables for inward reinsurance activities	38,154,412,640	16,963,039,529
Payables for outward reinsurance activities	18,737,586,375	27,500,472,045
<u>Samsung Vina Insurance Co., Ltd.</u>		
Receivables from inward reinsurance activities	2,611,924,141	6,260,987,951
Receivables from outward reinsurance activities	211,198,065	1,513,383,080
Payables for inward reinsurance activities	980,251,389	55,704,609,915
Payables for outward reinsurance activities	163,404,126	33,717,332
<u>State Capital Investment Corporation</u>		
Dividends payable	-	26,453,017,500

33. FINANCIAL RATIOS


Items	Unit	Closing balance	Opening Balance
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Non-current assets/Total assets	%	21.66	18.36
- Current assets/Total assets	%	78.34	81.64
1.2. Capital structure arrangement			
- Liabilities/Total resources	%	56.61	58.96
- Owners' equity/Total resources	%	43.39	41.04
2. Liquidity			
2.1. Short-term liability liquidity	times	1.39	1.39
2.2. Quick liquidity	times	0.59	0.58
Items	Unit	Current year	Prior year
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	24.02	23.79
- Profit after tax/Revenue ratio	%	20.07	19.73
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	4.52	4.50
- Profit after tax/Total assets ratio	%	3.78	3.73
3.3. Profit after tax/Owners' equity ratio	%	8.81	9.19

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.

35. SUMMARY OF CLAIMS

Payment year	Accident year			Total
	2014	2015	2016	
	VND	VND	VND	VND
I. Accumulated claim reserve amount				
	346,170,489,847	237,913,771,523	124,114,956,400	708,199,217,770
Claim reserve amount accumulated to the current year (1)				
II. Accumulated paid claim amount				
As at year end of losses	49,497,356,761	34,833,941,435	28,175,082,983	112,506,381,179
After 1 year	157,297,618,097	102,927,202,983	-	260,224,821,080
After 2 years	83,481,759,860	-	-	83,481,759,860
	290,276,734,718	137,761,144,418	28,175,082,983	456,212,962,118
Paid claim amount accumulated to the current year (2)				
	55,893,755,130	100,152,627,105	95,939,873,417	251,986,255,651
III. Total outstanding claim reserve (3)=(1)-(2)				115,390,222,188
Outstanding claim reserve for previous years' losses				367,376,477,839


 Nguyen Thanh Cong
 Preparer


 Luu Thi Viet Hoa
 Chief Accountant


 Pham Cong Tu
 General Director

Hanoi, 28 February 2017