

Bao Viet Holdings

Report of the Board of Directors
and Audited Consolidated Financial Statements

31 December 2011

Bao Viet Holdings

**Report of the Board of Directors
and Audited Consolidated Financial Statements**

31 December 2011

Bao Viet Holdings

CONTENTS

	<i>Pages</i>
GENERAL INFORMATION	1 - 2
REPORT OF THE BOARD OF DIRECTORS	3
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	
Independent auditors' report	4
Consolidated balance sheet	5 - 8
Consolidated income statement	9 - 11
Consolidated cash flow statement	12 - 13
Notes to the consolidated financial statements	14 - 108

Bao Viet Holdings

GENERAL INFORMATION

CORPORATE INFORMATION

Bao Viet Holdings (herein referred to as the "Holdings") was previously a state-owned company that was equitized and became a shareholding company pursuant to Business License approved by Hanoi Authority for Planning and Investment on 15 October 2007. The Business License was subsequently modified the first time on 29 October 2009, the second time on 18 January 2010 and the third time on 10 May 2010 and the fourth time on 14 January 2011.

The Holdings is listed on Ho Chi Minh Stock Exchange (HOSE) and its entire charter capital is listed thereon.

Below is a summary of information extracted from the fourth modified Business License dated 14 January 2011:

Business License Number: 0100111761
Registered company name: Bao Viet Holdings
Head Office's address: 8 Le Thai To Street, Hoan Kiem District, Hanoi
Operating activities: Equity investments in subsidiaries and associates; financial services and other related services under Vietnamese Laws; and real estate business.
Charter capital: VND 6,804,714,340,000
Number of registered shares: 680,471,434

Subsidiaries and dependently accounted units of the Holdings are as follows:

<i>Subsidiaries</i>	<i>Address</i>	<i>Principal activities</i>	<i>% directly owned</i>
Bao Viet Insurance Corporation ("Bao Viet Insurance")	35 Hai Ba Trung Street, Hoan Kiem District, Hanoi	General insurance products, reinsurance, loss adjustment	100%
Bao Viet Life Corporation ("Bao Viet Life")	1 Dao Duy Anh Street, Dong Da District, Hanoi	Life insurance products, reinsurance	100%
Bao Viet Fund Management Company ("BVF")	8 Le Thai To, Hoan Kiem District, Hanoi	Management of investment funds and investment portfolios	100%
Bao Viet Securities Joint Stock Company ("BVSC")	8 Le Thai To, Hoan Kiem District, Hanoi	Brokerage, securities trading, underwriting, consulting and securities placement	59.92%
Bao Viet Au Lac Limited Company ("BV - Au Lac")	Ha Lieu, Phuong Lieu, Que Vo District, Bac Ninh Province	Vocational driving training	60%
Bao Viet Commercial Joint Stock Bank ("Baoviet Bank")	8 Le Thai To, Hoan Kiem District, Hanoi	Banking services	52%
Bao Viet Investment Joint Stock Company ("BVInvest")	71 Ngo Sy Lien, Dong Da District, Hanoi	Real estate investment and consulting, provision of machinery and equipment	55%
<i>Dependently accounted units</i>	<i>Address</i>		
Bao Viet Training Centre	8 Le Thai To, Hoan Kiem District, Ha Noi		
Infrastructure Construction Project Management Unit ("the PMU")	71 Ngo Sy Lien, Dong Da District, Hanoi		

Bao Viet Holdings

GENERAL INFORMATION (continued)

THE BOARD OF DIRECTORS

The members of the Board of Directors for the period from 01 January 2011 to the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>	<i>Date of resignation</i>
Mr. Le Quang Binh	Chairman	04 October 2007	
Ms. Nguyen Thi Phuc Lam	Member	04 October 2007	
Mr. Tran Huu Tien	Member	04 October 2007	
Mr. Tran Trong Phuc	Member	04 October 2007	
Mr. Nguyen Duc Tuan	Member	04 October 2007	
Mr. David Lawrence Fried	Member	04 October 2007	01 October 2011
Mr. Nguyen Quoc Huy	Member	23 September 2009	
Mr. Duong Duc Chuyen	Member	19 April 2011	
Mr. Charles Bernard Gregory	Member	19 April 2011	

THE BOARD OF SUPERVISION

The members of the Board of Supervision for the period from 01 January 2011 to the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nguyen Trung Thuc	Head of Board of Supervision	04 October 2007
Mr. Tran Minh Thai	Member	04 October 2007
Mr. Nguyen Ngoc Thuy	Member	04 October 2007
Mr. Le Van Chi	Member	04 October 2007
Mr. Christopher Edwards	Member	17 April 2010

THE BOARD OF MANAGEMENT

The members of the Board of Management for the period from 01 January 2011 to the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>	<i>Date of resignation</i>
Ms. Nguyen Thi Phuc Lam	Chief Executive Officer	15 October 2007	
Mr. Le Hai Phong	Chief Financial Officer	30 June 2008	
	Chief Property & Estate Officer	01 February 2011	
Mr. Luu Thanh Tam	Chief Property & Estate Officer	30 June 2008	01 February 2011
Mr. Phan Tien Nguyen	Chief Human Resources Officer	30 June 2008	
Mr. Duong Duc Chuyen	Chief Strategy Officer	30 June 2008	
	Chief Investment Officer	22 April 2010	
Mr. Alan Royal	Chief Information Officer	08 September 2008	
Mr. Adrian Abbott	Chief Risk Officer	22 April 2010	31 December 2011
Mr. Abhishek Sharma	Chief Risk Officer	01 March 2012	
Mr. Hoang Viet Ha	Chief Operating Officer	26 September 2011	

LEGAL REPRESENTATIVE

The legal representative of the Holdings during the year and at the date of this report is Ms. Nguyen Thi Phuc Lam, Chief Executive Officer.

AUDITORS

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

Bao Viet Holdings

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Bao Viet Holdings is pleased to present its report and the consolidated financial statements of Bao Viet Holdings for the year ended 31 December 2011.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Bao Viet Holdings ("Management") is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated state of affairs of the Holdings and of its consolidated results and consolidated cash flows for the year. In preparing those consolidated financial statements, management 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 standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Holdings will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Holdings and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Holdings and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management has confirmed that the Holdings has complied with the above requirements in preparing the consolidated financial statements for the financial year ended 31 December 2011.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements which give a true and fair view of the consolidated financial position of the Holdings as at 31 December 2011, the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

On behalf of the Board of Directors: 



Mr. Le Quang Binh
Chairman

Hanoi, Vietnam

26 March 2012

Reference: 60780870/15169023-HN

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Bao Viet Holdings

We have audited the consolidated financial statements of Bao Viet Holdings and its subsidiaries (collectively referred to as "the Group") as set out on pages from 05 to 108 which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.



The preparation and presentation of these consolidated financial statements are the responsibility of the management of Bao Viet Holdings. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management of Bao Viet Holdings, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.



Ernst & Young Vietnam Limited

Vo Tan Hoang Van
Deputy General Director
Certificate No. 0264/KTV


Tran Thi Minh Tien
Auditor
Certificate No. 1331/KTV

Hanoi, Vietnam

26 March 2012

Bao Viet Holdings

B01-DN/HN

CONSOLIDATED BALANCE SHEET
as at 31 December 2011

Currency: VND

Code	ASSET	Notes	31 December 2011	31 December 2010 (restated)
100	A. CURRENT ASSETS		15,646,291,187,169	18,314,754,599,165
110	I. Cash and cash equivalents	5	5,479,823,264,414	5,844,707,147,758
111	1. Cash		706,845,847,624	723,039,874,862
112	2. Cash equivalents		4,772,977,416,790	5,121,667,272,896
120	II. Short-term investments	13.1	6,332,020,534,627	9,039,371,897,708
121	1. Short-term investments		7,589,621,158,904	9,885,894,075,590
129	2. Provision for impairment of short-term investments		(1,257,600,624,277)	(846,522,177,882)
130	III. Accounts receivables	6	3,625,048,874,910	3,232,650,698,140
131	1. Receivables from insurance activities		1,883,664,341,342	1,443,796,780,257
132	2. Trade advances		58,694,312,636	51,438,200,967
133	3. Other advances		30,890,483,699	15,004,672,895
137	4. Receivables from investment activities		1,664,984,667,705	1,514,815,111,839
138	5. Other receivables		91,237,837,604	275,120,277,339
139	6. Provision for doubtful debts		(104,422,768,076)	(67,524,345,157)
140	IV. Inventories	7	129,608,522,838	117,366,502,155
150	V. Other current assets		79,789,990,380	80,658,353,404
151	1. Short-term prepaid expenses		66,485,172,573	66,108,428,802
155	2. Shortage of current assets waiting for resolution		153,240,507	149,740,507
152	3. VAT deductible		4,458,773,716	1,431,426,197
154	4. Tax and other receivables from the State		7,885,701,446	8,967,622,683
156	5. Margin deposits		264,963,000	2,994,243,432
158	6. Others		542,139,138	1,006,891,783
160	B. LOANS AND ADVANCES TO CUSTOMERS	8	6,596,062,750,804	5,889,067,477,368
161	1. Loans and advances to customers		6,676,233,013,411	5,924,279,393,498
169	2. Provision for credit losses		(80,170,262,607)	(35,211,916,130)

Bao Viet Holdings

B01-DN/HN

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2011

Currency: VND

Code	ASSETS	Notes	31 December 2011	31 December 2010 (restated)
200	C. NON-CURRENT ASSETS		21,338,953,730,753	20,586,025,962,465
220	I. Fixed assets		2,077,760,301,108	1,937,973,831,095
221	1. Tangible fixed assets	9	897,065,791,661	887,777,414,572
222	Cost		1,603,090,679,286	1,500,539,180,456
223	Accumulated depreciation		(706,024,887,625)	(612,761,765,884)
227	2. Intangible fixed assets	10	810,095,983,982	709,889,590,027
228	Cost		949,202,185,111	793,216,117,611
229	Accumulated amortization		(139,106,201,129)	(83,326,527,584)
230	3. Construction in progress	11	370,598,525,465	340,306,826,496
240	II. Investment properties	12	23,448,947,000	23,448,947,000
250	III. Long-term investments	13.2	19,130,063,138,265	18,529,555,405,080
252	1. Investments in associates and joint-ventures		373,783,823,698	338,561,803,678
258	2. Other long-term investments		19,194,165,643,746	18,402,589,538,431
259	3. Provision for impairment of long-term investments		(437,886,329,179)	(211,595,937,029)
260	IV. Other long-term assets		107,681,344,380	95,047,779,290
261	1. Long-term prepaid expenses	14	59,278,302,318	52,937,881,844
262	2. Deferred tax assets	17.2	13,955,800,374	12,668,907,308
267	3. Long-term margin deposits		28,246,657,871	25,654,827,632
268	4. Other long-term assets		6,200,583,817	3,786,162,506
270	TOTAL ASSETS		43,581,307,668,726	44,789,848,038,998

Bao Viet Holdings

B01-DN/HN

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2011

		Currency: VND		
Code	RESOURCES	Notes	31 December 2011	31 December 2010 (restated)
300	A. LIABILITIES		30,600,121,303,842	32,743,318,212,327
310	i. Current liabilities		3,897,017,157,734	6,226,392,149,942
311	1. Short-term loans and borrowings	15	862,076,552,375	1,593,235,333,373
312	2. Trade payables	16.1	2,133,872,709,472	3,095,835,597,563
313	3. Advances from customers	16.2	7,399,113,413	35,305,467,978
314	4. Statutory obligations	17	102,401,564,740	98,921,871,790
315	5. Payables to employees		268,554,314,117	203,459,588,453
316	6. Accrued expenses		62,356,742,817	23,375,338,620
317	7. Unearned revenues		57,673,171,349	-
318	8. Other payables	18	333,656,373,975	1,107,145,570,686
319	9. Bonus and welfare funds	19	69,026,615,476	69,113,381,479
320	ii. Amount due to customers	20	6,949,493,427,792	7,597,839,409,023
321	1. Deposits from commercial banks	20.1	3,572,928,705,159	3,019,960,785,943
322	2. Deposits from customers	20.2	3,376,564,722,633	4,577,878,623,080
330	iii. Non-current liabilities		78,761,469,271	80,826,657,494
333	1. Long-term deposits, mortgages		32,497,502,176	27,376,215,506
335	2. Deferred tax liabilities	17.2	1,007,051,923	8,613,670,942
336	3. Provision for severance allowance		45,256,915,172	44,836,771,046
340	iv. Reserves	21	19,674,849,249,045	18,838,259,995,868
341	1. Unearned premium reserve		2,730,916,914,012	2,448,142,299,449
342	2. Mathematical reserve		14,205,740,351,460	13,947,735,874,260
343	3. Claims reserve		1,409,062,738,303	1,205,589,002,440
344	4. Catastrophe reserve		253,629,412,392	307,012,203,931
345	5. Dividend reserve		1,046,811,596,357	906,960,197,603
346	6. Equalization reserve		28,688,236,521	22,820,418,185

Bao Viet Holdings

B01-DN/HN

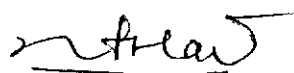
CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2011

Currency: VND

Code	RESOURCES	Notes	31 December 2011	31 December 2010 (restated)
400	B. EQUITY		11,665,524,425,266	10,697,786,472,739
410	i. Owners' equity	22	11,665,524,425,266	10,697,786,472,739
411	1. Contributed capital		6,804,714,340,000	6,267,090,790,000
412	2. Share premium		3,184,332,381,197	3,076,807,671,197
415	3. Foreign exchange differences reserve		16,075,608,000	16,075,608,000
416	4. Statutory reserves for insurance operations		119,375,561,070	79,245,733,155
417	5. Investment and development fund		16,808,794,107	13,810,688,873
418	6. Financial reserve fund		24,323,877,509	18,316,956,265
419	7. Other reserves		103,568,802,818	103,568,802,818
420	8. Undistributed earnings		1,396,325,060,565	1,122,870,222,431
500	C. MINORITY INTERESTS	23	1,315,661,939,618	1,348,743,353,931
440	TOTAL LIABILITIES AND EQUITY AND MINORITY INTERESTS		43,581,307,668,726	44,789,848,038,998

OFF BALANCE SHEET ITEMS

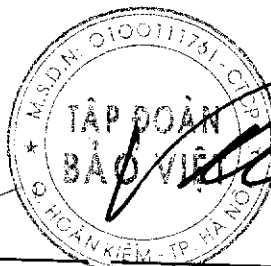
ITEMS	31 December 2011	31 December 2010 (restated)
1. Insurance policies signed but not yet effective (VND)	170,838,258,192	239,071,052,207
2. Bad debt written off (VND)	4,792,072,856	4,792,072,858
3. Foreign currency (USD)	465,488	2,448,850
4. Securities under custody (VND)	17,360,626,610,000	14,143,012,400,000
5. Letters of credit (VND)	65,836,555,555	234,468,403,536
6. Other guarantees (VND)	74,479,974,707	81,382,221,188



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer




Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012

Bao Viet Holdings

B02-DN/HN

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2011

Currency: VND

Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010 (restated)
01	Gross written premium	24.1	9,371,727,329,830	8,245,113,904,453
02	Reinsurance premium assumed	24.2	229,276,836,116	186,623,651,556
03	Deductions	24.3	(1,266,999,208,654)	(1,152,034,398,163)
04	Reinsurance premium ceded		(1,204,651,228,144)	(1,083,576,007,876)
05	Premium deduction		(5,719,805,314)	(2,065,444,546)
06	Premium returns		(56,628,175,196)	(66,392,945,741)
08	Increase in unearned premium reserve and technical reserve		(540,779,091,763)	(1,026,286,942,242)
09	Commissions on reinsurance ceded		192,558,555,611	183,298,558,113
10	Other income		14,226,006,537	6,257,314,621
11	Income on reinsurance assumed		1,589,989,565	2,095,474,697
12	Income on reinsurance ceded		7,291,624,526	333,858,761
13	Income from other activities		5,344,392,446	3,827,981,163
14	Total net revenue from insurance business (14 = 01+02+03+08+09+10)		8,000,010,427,677	6,442,972,088,338
15	Claim and maturity payment expenses	25.1	(5,775,318,939,129)	(4,630,919,840,185)
16	Claim expenses for reinsurance assumed	25.2	(76,879,277,648)	(51,747,327,052)
17	Deductions		715,681,689,712	391,909,000,095
18	Recoveries from reinsurance ceded	25.3	706,230,478,084	372,222,596,599
19	Subrogation recoveries		6,566,995,399	6,834,114,530
20	Salvages		2,884,216,229	12,852,288,966
21	Claim expenses on retained risks (21 = 15+16+17)		(5,136,516,527,065)	(4,290,758,167,142)
22	Claim expenses using catastrophe reserve		188,000,000,000	-
23	Increase in claims reserve		(17,388,894,575)	(65,384,641,157)
24	Provision for catastrophe reserve		(134,617,208,461)	(113,439,977,163)

Bao Viet Holdings

B02-DN/HN

CONSOLIDATED INCOME STATEMENT (continued)
for the year ended 31 December 2011

Currency: VND

Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010 (restated)
25	Other insurance operating expenses		(1,144,025,558,217)	(988,335,058,552)
26	Other underwriting expenses		(1,064,890,075,807)	(923,563,647,995)
27	<i>Commission</i>		(946,866,369,843)	(829,457,628,469)
28	<i>Risk minimization expenses</i>		(61,179,519,986)	(35,566,098,265)
29	<i>Loss adjusting fee, risk assessment and others</i>		(56,844,185,978)	(58,539,921,261)
30	Other reinsurance assumed expenses		(50,891,994,259)	(40,479,795,339)
31	Other reinsurance ceded expenses		(28,243,488,151)	(24,291,615,218)
33	Total direct insurance operating expenses (33 = 21+22+23+24+25)		(6,244,548,188,318)	(5,457,917,844,014)
34	Gross insurance operating profit (34 = 14+33)		1,755,462,239,359	985,054,244,324
35.1	Income from banking activities		1,719,142,928,520	957,223,058,373
35.2	Expenses from banking activities		(1,071,658,433,646)	(538,591,304,881)
35	Net operating income from banking activities	26	647,484,494,874	418,631,753,492
36.1	Revenue from other activities		131,884,680,502	198,769,392,428
36.2	Expenses from other activities		(152,925,916,031)	(156,262,806,803)
36	Net operating income from other activities	27	(21,041,235,529)	42,506,585,625
37	Selling expenses		(240,472,050,406)	(142,837,253,724)
38	General and administrative expenses	28	(2,136,162,930,704)	(1,715,022,017,001)
38.1	General and administrative expenses of insurance operation		(1,701,537,862,286)	(1,322,856,819,060)
38.2	General and administrative expenses of banking operation		(216,857,833,374)	(135,812,700,986)
38.3	General and administrative expenses of other operations of the Holdings		(217,767,235,044)	(256,352,496,955)
39.1	Net operating loss from insurance operation (39.1 = 34+37+38.1)		(186,547,673,333)	(480,639,828,460)
39.2	Net profit from bank operation (39.2=35+38.2)		430,626,661,500	282,819,052,506
39.3	Net loss from other operations (39.3=36+38.3)		(238,808,470,573)	(213,845,911,330)

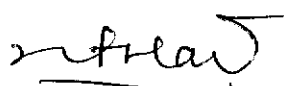
Bao Viet Holdings

B02-DN/HN

CONSOLIDATED INCOME STATEMENT (continued)
for the year ended 31 December 2011

Currency: VND

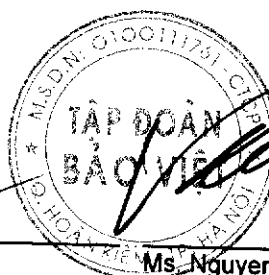
Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010 (restated)
40	Financial income	29.1	3,195,632,529,483	3,107,820,857,678
41	Financial expenses	29.2	(1,728,055,659,999)	(1,475,433,602,967)
42	Profit from financial activities (42 = 40+41)		1,467,576,869,484	1,632,387,254,711
43	Other income		13,518,573,826	23,671,163,395
44	Other expenses		(26,332,595,075)	(1,775,611,065)
45	Net other profit (45 = 43+44)	30	(12,814,021,249)	21,895,552,330
46	Share of the profit in associates and joint ventures		60,664,500,392	53,709,140,782
47	PROFIT BEFORE TAX (47 = 39.1+39.2+39.3+42+45+46)		1,520,697,866,221	1,296,325,260,539
48	Equalization reserve		(6,062,818,336)	(6,082,793,237)
49	Current corporate income tax for the year	17.1	(320,575,293,975)	(282,595,671,427)
50	Deferred income tax expense	17.2	8,893,512,085	(2,122,672,833)
51	PROFIT AFTER TAX (51 = 47+48+50)		1,202,953,265,995	1,005,524,123,042
52	Minority interest		1,569,698,412	22,917,168,587
53	NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE HOLDINGS (53 = 51-52)		1,201,383,567,583	982,606,954,455
54	Earnings per share	32	1,768	1,577



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer




Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2011

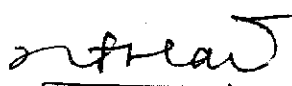
Currency: VND

Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Premium received and interest income received		13,902,800,060,531	12,454,944,888,704
02	2. Payment to suppliers		(10,135,849,080,892)	(9,981,578,704,434)
03	3. Payment to employees		(936,091,568,255)	(570,328,597,249)
04	4. Interest payment		(29,918,104,709)	-
05	5. Enterprise income tax paid		(318,202,027,498)	(318,521,037,200)
06	6. Other cash inflows from operating activities		3,944,979,558,577	3,956,910,541,401
07	7. Other cash outflows from operating activities		(4,610,469,445,115)	(4,922,592,129,067)
10	Net cash inflows from operating activities		1,817,249,392,639	618,834,962,155
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Purchase and construction of fixed assets		(245,096,750,508)	(244,601,678,911)
22	2. Proceeds from disposals of fixed assets		4,329,056,451	654,142,947
23	3. Loans to other entities and payments for purchase of debt instruments of other entities		(14,454,071,507,609)	(14,542,769,663,773)
24	4. Repayments from borrowers and proceeds from sales of debt instruments of other entities		13,687,793,771,947	9,625,910,777,588
25	5. Payments for investments in other entities		(2,457,439,473,566)	(2,058,982,977,463)
26	6. Proceeds from sales of investments in other entities		2,371,929,256,663	2,042,051,421,654
27	7. Interest received, coupon and distributed profits		193,222,697,537	194,782,794,193
20	Net cash outflows from investing activities		(899,332,949,085)	(4,982,955,183,765)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2011

Currency: VND

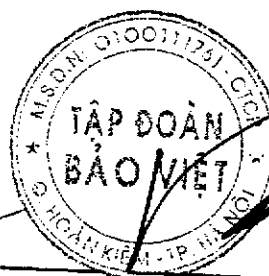
Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	1. Cash receipts from issuing shares of the Holdings		-	1,878,886,590,000
33	2. Cash receipts short and long term loans		5,847,902,825	6,260,247,375,606
36	3. Dividends paid out		(816,321,876,360)	(651,929,265,500)
37	4. Cash receipts from existing shareholders for the increase in charter capital		-	188,350,073,855
38	5. Other cash outflows from financing activities		(471,989,769,154)	(150,000,000)
30	Net cash inflows from financing activities		(1,282,463,742,689)	7,675,404,773,961
40	Net cash inflows during the year		(364,547,299,135)	3,311,284,552,351
50	Cash and cash equivalents at the beginning of the year	5	5,844,707,147,758	2,532,644,263,412
51	Impact of exchange rate fluctuation		(336,584,209)	778,331,995
60	Cash and cash equivalents at the end of the year	5	5,479,823,264,414	5,844,707,147,758



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer



Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2011

1. CORPORATE INFORMATION

Bao Viet Holdings (herein referred to as the "Holdings") was previously a state-owned company that was equitized and became a shareholding company pursuant to Business License approved by Hanoi Authority for Planning and Investment on 15 October 2007. The Business License was subsequently modified the first time on 29 October 2009, the second time on 18 January 2010, the third time on 10 May 2010 and the fourth time on 14 January 2011.

The Holdings is listed on Ho Chi Minh Stock Exchange (HOSE) and its entire charter capital is listed thereon.

Below is a summary of information extracted from the fourth modified Business License dated 14 January 2011:

Business License Number:	0100111761
Registered company name:	Bao Viet Holdings
Head Office's address:	8 Le Thai To Street, Hoan Kiem District, Hanoi
Operating activities:	Equity investments in subsidiaries and associates; financial services and other related services under Vietnamese Laws; and real estate business.
Charter capital:	VND 6,804,714,340,000
Number of registered shares:	680,471,434
Legal representative:	Ms. Nguyen Thi Phuc Lam - Chief Executive Officer

The structure of the Holdings' shareholdings as at 31 December 2011 is as follows:

<u>Shareholders</u>	<u>No. of shares</u>	<u>%</u>
Founding shareholders		
<i>The Ministry of Finance</i>	627,173,291	92.17%
<i>HSBC Insurance (Asia Pacific) Holdings Limited</i>	482,509,800	70.91%
<i>State Capital Investment Corporation</i>	122,509,091	18.00%
Other shareholders	22,154,400	3.26%
	53,298,143	7.83%
Total	680,471,434	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

1. **CORPORATE INFORMATION** (continued)

The Holdings has the following subsidiaries and dependently accounted units:

Subsidiaries

<i>Subsidiaries</i>	<i>Address</i>	<i>Principal activities</i>	<i>% directly owned</i>
Bao Viet Insurance Corporation ("Bao Viet Insurance")	35 Hai Ba Trung Street, Hoan Kiem District, Hanoi	General insurance products, reinsurance, loss adjustment	100%
Bao Viet Life Corporation ("Bao Viet Life")	1 Dao Duy Anh Street, Dong Da District, Hanoi	Life insurance products, reinsurance	100%
Bao Viet Fund Management Company ("BVF")	8 Le Thai To, Hoan Kiem District, Hanoi	Management of investment funds and investment portfolios	100%
Bao Viet Securities Joint Stock Company ("BVSC")	8 Le Thai To, Hoan Kiem District, Hanoi	Brokerage, securities trading, underwriting, consulting and securities placement	59.92%
Bao Viet Au Lac Limited Company ("BV- Au Lac")	Ha Lieu, Phuong Lieu, Que Vo District, Bac Ninh Province	Vocational driving training	60%
Bao Viet Commercial Joint Stock Bank ("Baoviet Bank")	8 Le Thai To, Hoan Kiem District, Hanoi	Banking services	52%
Bao Viet Investment Joint Stock Company ("BVInvest")	71 Ngo Sy Lien Street, Dong Da District, Hanoi	Real estate investment and consulting, provision of machinery and equipment	55%

➤ Bao Viet Insurance was established on 21 June 2004 in accordance with Decision No. 1296/QD/BTC issued by the Ministry of Finance and Business License No. 01/GPDC3/KDBH issued by the Ministry of Finance on the same date. On 23 November 2007, the Ministry of Finance approved the re-establishment of Bao Viet Insurance in pursuant to the Establishment and Operating License No. 45GP/KDBH. On 11 June 2010, the Ministry of Finance approved the increase of Bao Viet Insurance's charter capital to VND 1,500,000,000,000 in pursuant to the Modified License No. 45/GPDC3/KDBH.

➤ Bao Viet Life was established on 4 December 2003 in accordance with Decision No. 3668/QD/BTC issued by the Ministry of Finance. On 23 November 2007, the Ministry of Finance approved the re-establishment of Bao Viet Life in pursuant to the Establishment and Operating License No. 46/GP/KDBH. The charter capital of Bao Viet Life is VND 1,500,000,000,000.

➤ BVF was established on 22 August 2005 in accordance with Decision No. 911/2005/QD/HDQT-BV by the Holdings' Board of Management and operating in accordance with Business License No. 0104000256 issued on 22 August 2005 by Hanoi Authority for Planning and Investment and modified business registration No. 10/UBCK-GPDCQLQ issued on 14 December 2007 by the State Securities Commission. The charter capital of BVF is VND 50,000,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

1. CORPORATE INFORMATION (continued)

- ▶ BVSC is established on 1 October 1999 in accordance with Incorporation License No. 4640/GP-UB issued by the Hanoi People's Committee and Business License No. 056655 issued by the Hanoi Authority for Planning and Investment on 11 October 1999 and Operating License No. 01/GPHDKD dated 26 November 1999 issued by the State Securities Commission. According to the 6th Amended Business License No. 056655 granted on 17 December 2009 by Hanoi Authority for Planning and Investment, the total value of registered securities of BVSC is VND 722,339,370,000.
- ▶ BV - Au Lac was established on 18 February 2009 under the License No. 2300373648 granted by Bac Ninh Authority for Planning and Investment. The charter capital of BV Au Lac is VND 60,660,000,000.
- ▶ Baoviet Bank was incorporated in Vietnam on 11 December 2008 under the Establishment and Operating License No. 328/GP-NHNN provided by the Governor of the State Bank of Vietnam and the Business License No. 0103034012 granted by Hanoi Authority for Planning and Investment on 24 December 2008. Baoviet Bank's charter capital is VND 1,500,000,000,000.
- ▶ BVInvest was established on 09 January 2009 in accordance with Business License No. 0103034168 granted by Hanoi Authority for Planning and Investment. The original charter capital of BVInvest is VND 100,000,000,000. During 2011, BVInvest has issued 20,000 additional shares to existing shareholders to increase its chartered capital from VND 100,000,000,000 to VND 300,000,000,000. At the date of this report, the Shareholders have contributed VND 100,000,000,000 out of the committed additional contribution of VND 200,000,000,000. (After the issuance, the ownership rate of the Shareholders still remained the same).

At 31 December 2011, indirect and direct investments of Bao Viet Holdings in BVInvest are as follows:

	<i>Committed contributed capital VND</i>	<i>% of charter capital VND</i>	<i>Contributed capital</i>
Direct investment of the Holdings	165,000,000,000	55%	110,000,000,000
Indirect investment via subsidiaries	120,000,000,000	40%	80,000,000,000
<i>Bao Viet Life Insurance</i>	<i>60,000,000,000</i>	<i>20%</i>	<i>40,000,000,000</i>
<i>Bao Viet Insurance</i>	<i>60,000,000,000</i>	<i>20%</i>	<i>40,000,000,000</i>
	<u>285,000,000,000</u>	<u>95%</u>	<u>190,000,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

1. **CORPORATE INFORMATION** (continued)

Bao Viet Securities Investment Fund ("BVF1")

BVF1 was established on 19 July 2006 as a closed-end member investment fund in Vietnam in accordance with License No. 05/UBCK-TLQTV issued by the State Securities Commission. The Fund was originally licensed to operate for a period of five years. The operating period of BVF1 has been extended until 19 July 2014 in accordance with the approval from State Security Commission on 27 July 2011.

At the beginning, BVF1 had a charter capital amounting to VND 500,000,000,000, equivalent to 50,000,000 units with a par value of VND 10,000 per unit. BVF1 increased its charter capital to VND 1,000,000,000,000 on 4 March 2008, as approved in Official Letter No. 98/TB-UBCK issued by the State Securities Commission, which is equivalent to 100,000,000 units with a par value of VND 10,000 per unit.

The Fund is managed by BVF, a subsidiary of the Holdings. The custodian bank of the Fund is HSBC Bank (Vietnam) Ltd.

At 31 December 2011, direct and indirect holding by the Holdings in BVF1 is as follows:

	<i>Contributed capital</i> VND	<i>% of charter capital</i> VND
Direct investment of the Holdings	94,190,239,694	9.42%
Indirect investment via subsidiaries	821,659,537,741	82.16%
<i>Bao Viet Life Insurance</i>	601,214,295,907	60.12%
<i>Bao Viet Insurance</i>	220,445,241,834	22.04%
	<u>915,849,777,435</u>	<u>91.58%</u>

Dependently accounted units:

<i>Dependently accounted units</i>	<i>Address</i>
Bao Viet Training Centre	8, Le Thai To, Hoan Kiem District, Hanoi
Infrastructure Construction Project Management Unit	71 Ngo Sy Lien, Dong Da District, Hanoi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

2. BASIS OF PREPARATION

2.1 *Accounting standards and systems*

The consolidated financial statements of the Holdings and its subsidiaries, which are expressed in Vietnamese dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Bao Viet Holdings is a company operating in equity investments and financial services and prepares its financial statements according to Decision 15/2006/QD-BTC on the formulation of corporate accounting system dated 20 March 2006 issued by the Ministry of Finance. However, as the Holdings and its subsidiaries have major operations in insurance services, the consolidated financial statements of the Holdings are prepared in accordance with Decision 15/2006/QD-BTC and modified to follow the Vietnamese Accounting System for insurance companies issued by the Ministry of Finance in Decision 1296 TC/QD/CDKT dated 31 December 1996 and Decision 150/2001/QD-BTC dated 31 December 2001 on amended accounting policies for insurance companies.

2.2 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Holdings (the parent company), its subsidiaries and BVF1 for the year ended 31 December 2011 (collectively referred to as the "Group").

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holdings obtains control, and continues to be consolidated until the date that such control ceases. Control exists when the Holdings has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent entity, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains or losses arising from intra-group transactions, are eliminated in full.

Minority interests represent the portion of profit or loss and net assets of the subsidiaries not held by the group and are presented separately in the consolidated income statement and in the consolidated balance sheet.

2.3 *Registered accounting documentation system*

The registered accounting documentation system of the Group is the general journal voucher system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

2. BASIS OF PREPARATION (continued)

2.4 Accounting currency

The Group maintains its accounting records in Vietnamese dong ("VND").

2.5 Fiscal year

The Group's financial year starts on 01 January and ends on 31 December.

The Group also prepares its quarterly consolidated financial statements.

2.6 Restatement of the opening balance

In the year 2011, the Group restated the opening balance of some items in the consolidated balance sheet and consolidated income statement in accordance with the State Auditors' report. The restatement of the opening balance is presented in Note 39.

3. STATEMENT ON THE COMPLIANCE WITH VIETNAMESE ACCOUNTING STANDARDS AND SYSTEMS

The Board of Management confirms that the Holdings has complied with the Vietnamese Accounting Standards and Systems in preparing the consolidated financial statements. The Group has also followed the accounting policy for the recognition of the revalued land use rights as set out in Note 4.9.

The accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments.

On 06 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 01 January 2011.

The adoption of Circular 210 results in new disclosures being added to the consolidated financial statements as shown in Note 36, 37, and 38.

Circular 210 also requires the Group to evaluate the terms of non-derivative financial instruments issued by the Holdings to determine whether it contains both a liability and an equity component. Such components are classified separately as financial liabilities, financial assets or equity instruments in the consolidated balance sheet. This requirement has no impact on the financial position or result of operation of the Group as the Group has not yet issued such non-derivative financial instruments.

4.2 *Cash and cash equivalents*

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

4.3 *Accounts receivables*

Accounts receivables comprise of trade receivables and other receivables that are initially recognized at cost and subsequently are recognized at cost less provision for impairment.

Provision for impairment of receivables will be made based on their overdue ages. For receivables that are undue and owed by debtors who have become bankrupt or are undergoing dissolution procedures, are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, provision should be estimated based on the amount of expected loss. The increase or decrease to the provision balance is recorded as an administrative expense in the consolidated income statement.

The Holdings uses the allowance ratio as stipulated in Circular 228/2009/TT-BTC issued on 07 December 2009 by the Ministry of Finance, as follows:

<i>Overdue receivables aging</i>	<i>Allowance ratio</i>
Overdue from six months to less than one year	30%
Overdue from one to less than two years	50%
Overdue from two to less than three years	70%
Overdue over three years	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Inventory

Inventories of the Group include land, land development costs, and development costs for villas and apartment units relating to construction business of BVInvest and are carried at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price less anticipated costs to complete, estimated marketing and selling expenses and after making provision, if any.

The perpetual method is used to record the costs of inventories.

For inventories that are land, land development costs, and development costs for villas and apartment units, costs of inventories comprised of:

- ▶ The land use right, land use fee, land compensation, infrastructure costs and all other expenses directly attributable to the land and land development activities;
- ▶ All expenditures directly attributable to the construction of the apartment units and villas.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc) of raw materials, finished goods, and other inventories owned by BVInvest, based on appropriate evidence of impairment available at the balance sheet date. Increases and decreases to the provision balance are recorded into the cost of goods sold account in the income statement.

4.5 Loans and advances to customers

Loans and advances to customers are presented at the principal amounts outstanding at the end of financial year.

4.6 Provision for credit losses

Loans and advances to customers are classified and provided for in accordance with the Law on Credit Institutions effective from 1 January 2011; Decision No. 1627/2001/QD-NHNN dated 31 December 2001 issued by the Governor of the State Bank of Vietnam on lending statutory; Decision No. 127/2005/QD-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QD-NHNN; Decision No. 493/2005/QD-NHNN dated 22 April 2005 and Decision No. 18/2007/QD-NHNN dated 25 April 2007 by the State Bank of Vietnam on loan classification and provision. Accordingly, loans are classified as Current, Special Mention, Substandard, Doubtful and Loss on the basis of payment arrears status and other qualitative factors.

Net loans and advances exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral. Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN stipulated specific discount rates for certain accepted collaterals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Provision for credit losses (continued)

Specific provision is created on the net loans and advances exposure of each borrower using a fixed provision rates as follows:

Group	Name	Specific provision rate
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

According to Decision No. 493/2005/QD-NHNN, loans are classified at the end of each quarter for first three quarters and on 30 November for the fourth quarter in the financial year.

In accordance with Decision No. 493/2005/QD-NHNN, a general provision is made for credit losses which are yet to be identified during the loan classification and provision process and for the credit institutions' potential financial difficulties due to deterioration in loan quality. As such, within 5 years commencing from May 2005, the Group is required to fully create and maintain a general provision at 0.75% of total loans and advances to customers, guarantees, payment acceptances and non-cancelable loan commitments with specific effective date which are classified in groups 1 to 4.

The provisions are recorded in the separate income statement as an expense and will be used to write off any credit losses incurred. According to Decision No. 493/2005/QD-NHNN, the Group should establish the Bad Debt Resolution Committee which approve the writing-off of loans which are classified in Group 5, or which corporate borrowers are bankrupted or liquidated, or which individual borrowers are deceased or missing.

Details on the loan classification and related provision as at 31 December 2011 are presented in Note 8.1 and Note 8.2.

4.7 Provision for off-balance-sheet commitments

According to Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN of the SBV, loan classification and provision for guarantees, payment acceptances and non-cancelable loan commitments with specific effective date should be made in accordance with Article 6 of Decision No. 493/2005/QD-NHNN (generally called off-balance-sheet commitments). Off-balance sheet commitments are classified into groups such as *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

Specific provision for off-balance-sheet commitments is calculated similarly to the provision for loans and advances to customers. Provision expense is recorded in the consolidated income statement and provision balance is recorded as other liabilities in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

4.9 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

Land use rights are recognised based on the revalued amount as determined by an independent valuer for the land areas that the Holdings had land use rights certificates, or was in the process of obtaining the land use right certificates, as at 31 December 2005 for the equitization purpose of the Holdings.

4.10 Depreciation and amortisation

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

Buildings	06 - 25 years
Machinery	03 - 07 years
Means of transportation and communication	06 - 08 years
Office equipment	03 - 06 years
Other tangible fixed assets	04 years
Software	03 - 05 years
Other intangible assets	03 years
Land use rights with definite term	According to the term specified on the land use right certificate

Land use rights with indefinite terms are not amortised in accordance with Circular 203/2009/TT-BTC issued by the Minister of Finance on 20 October 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Depreciation and amortisation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use rights with definite term	According to the term specified on the land use right certificate
Buildings	06 - 25 years
Others	05 - 10 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

4.12 Borrowing costs

Borrowing costs (excluding interest expenses relating to the Group's banking operations) consist of interest and other costs that incur in connection with the borrowings of the Group. Borrowing costs are recorded as an expense during the year in which they are incurred, except to the extent that they are capitalized.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

4.13 Investments in associates

Investments in associates over which the Group has significant influence and which is neither a subsidiary nor a joint venture (typically those that the Group owns over 20% of voting rights) are accounted for under the equity method of accounting.

Under the equity method, the investment is initially recorded at cost and the carrying value is increased or decreased to recognize the Group's share of the net assets in the associate after the date of acquisition. Distributions actually received from an associate reduce the carrying amount of the investment. Adjustments to the carrying value are recognized for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been included in the consolidated income statement.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for transactions and events in similar circumstances.

A listing of the Group's associates is shown in Note 13.2.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 *Interests in jointly controlled entities*

Under the equity method, the Group's interest in jointly controlled entities is carried in the consolidated balance sheet at cost plus post joint venture changes in the Group's share of net assets of the jointly controlled entities. The consolidated income statement reflects the share of the post-acquisition results of operation of the jointly controlled entities.

The share of profit/ (loss) of the jointly controlled entities is presented on the face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from jointly controlled entities reduce the carrying amount of the investment.

The financial statements of the jointly controlled entities are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

A listing of the Group's significant joint ventures is presented in Note 13.2.1.

4.15 *Investments in securities and other investments*

All financial investments are initially recognised at cost and subsequently are recognized at cost less provision for impairment.

- ▶ Short-term investments comprise holdings of listed shares, government bonds, corporate bonds and other liquid securities which are readily realisable and are intended to be held for not more than one year.
- ▶ Long-term investments include listed and unlisted shares, government bonds, corporate bonds, trusted loans and term-deposits at financial institutions, which are intended to be held for more than one year.

Provision for devaluation of investments in securities and other investments

The primary source of reference for impairment provisioning is Circular 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance (the "Circular 228"). Details of the basis of determination of impairment of investment are as follows:

Listed securities

For listed securities that are carried at cost in accordance with Vietnamese Accounting Standards, if there is objective evidence that their market value is lower than book value, the provision amount is measured as the difference between the securities' carrying amount and the closing market value as of the balance sheet date in accordance with the following formula given in Circular 228:

$$\text{Provision amount} = \text{Number of impaired securities as at reporting date} \times \left[\text{Carrying value of securities} - \text{Market value of securities as at 31 December 2011} \right]$$

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Investments in securities and other investments (continued)

Unlisted securities

For unlisted shares, the following methods are used in calculating the fair value in order to compare with book value to determine the provision amount:

- for securities registered to be traded on the trading market of unlisted public companies' securities (UPCom), fair value is determined as the average trading prices quoted on UPCom as at 31 December 2011;
- ⊛ for securities yet registered to be traded on UPCom, fair value is determined as the average price of public quotations from at least three securities companies as at reporting date;
- for securities that fair value is not determinable, the Group does not make provision for devaluation.

Equity investments in other entities

For equity investments in other entities and other long-term investments, a provision for devaluation is set up if the investees are suffering from loss (except where such loss is already included in their business plans prior to the investment).

The amount of provision for each investment shall not exceed the invested capital and is calculated according to the following formula given in Circular 228:

$$\text{Provision amount} = \left(\begin{array}{c} \text{Actual capital} \\ \text{contributions of} \\ \text{investors} \\ \text{in the investee} \end{array} - \begin{array}{c} \text{Actual} \\ \text{owners'} \\ \text{equity} \end{array} \right) \times \frac{\text{Investment capital of} \\ \text{the Group}}{\text{Actual capital} \\ \text{contributions of} \\ \text{investors} \\ \text{in the investee}}$$

The basis for setting up the provision is the positive difference between the investors' actual capital contributions and the actual amount of owners' equity in the investee's financial statements at the balance sheet date.

4.16 Advances on surrender value

Policyholders who have fulfilled their premium payment obligations for at least twenty - four ("24") months are entitled to an advance on the surrender value, with the advance amount at a maximum of 80% of the surrender value and accumulated un-withdrawn dividend for the relevant policy.

Advances on surrender values are carried at cost and are recorded under "Long-term investment" item of balance sheet. The interest rate applied for each policy will be announced periodically. The interest income arised from advances on surrender value will be recorded as financial income in income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Securities purchased/sold under agreement to resell/repurchase ("repo")

Securities sold under agreements to repurchase at a specified future date ("repo") are not derecognized from the consolidated financial statements. The corresponding cash received is recognized as a liability in the consolidated balance sheet. The difference between the selling price and repurchasing price is allocated to expense in the consolidated income statement over the life of the agreement using straight-line method.

Securities purchased under agreements to resell at a specified future date ("reverse repo") are not recognized in the consolidated financial statement. The corresponding cash paid is recognized as an asset in the consolidated balance sheet. The difference between the purchasing price and reselling price is allocated to income in the consolidated income statement over the life of the agreement using straight-line method.

4.18 Payables and accruals

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

4.19 Provision for severance allowance

Post employment benefits

Post employment benefits are paid to retired employees of the Group by the Vietnam Social Insurance Agency. The Group is required to contribute to these post employment benefits by paying social insurance premiums to the Vietnam Social Insurance Agency at the rate of 16% of employee basic salaries on a monthly basis since 01 January 2010 (15% for the periods before 01 January 2010). The Group has no further obligation concerning post employment benefits for its employees other than this.

Voluntary resignation and retrenchment benefits

- *Voluntary resignation benefits:* the Group has the obligation, under Section 42 of the Labor Code amended 02 April 2002, to pay an allowance to voluntarily resigning employees, equal to half of one-month's basic salary for each year of employment plus wage allowances (if any) until 31 December 2008. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period based on the average monthly salary of the most recent 6 months up to the reporting date;
- *Retrenchment benefits:* the Group has the obligation, under Section 17 of the Labor Code, to pay an allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such cases, the Group shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month salary for each year of employment, but no less than two month salary.

Although the obligations under Sections 17 and 42 are compulsory, the implementation of these Sections is subject to detailed guidance by the Ministry of Finance. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and subsequently Circular 82/2003/TT-BTC dated 14 August 2003 by the MOF which superseded Circular 64, companies are required to calculate retrenchment allowance at the rate of 1-3% per annum, of the basic salary fund; and the outstanding balance of employee termination reserve which was previously created at 10% from the profit after tax and after appropriation for supplementary capital reserve in accordance with the guidance of Circular 64 should be transferred to the retrenchment allowance as allowed under Circular 82/2003/TT-BTC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 *Provision for severance allowance* (continued)

Unemployment Insurance Fund

According to the Social Insurance Law No. 71/2006/QH11 issued on 29 June 2006, and Decree 127/2008/ND-CP issued on 12 December 2008, employee and employer are required to contribute 1% each of employee basic salary to the unemployment insurance fund, with effect from 01 January 2009. Further, the Government will also contribute 1% of the basic salary of each employee to this fund. Vietnam Social Insurance Agency is responsible for the collection, distribution and management of the fund.

4.20 *Reserves*

Technical reserves are established in accordance with provisions and instructions of Circular 156/2007/TT-BTC dated 20 December 2007 issued by the Ministry of Finance providing guidelines for implementation of Decree 46/2007/ND-CP of the Government dated 27 March 2007 on financial regime applicable to insurers and insurance brokers. The Group's technical reserves include:

<i>Life insurance services</i>	<i>General insurance services</i>
Unearned premium reserve	Unearned premium reserve
Claims reserve	Claims reserve
Mathematical reserve	Catastrophe reserve
Dividend reserve	
Equalisation reserve	

Details on the reserve calculation method are as follows:

4.20.1 *Life insurance reserves*

Mathematical Reserve: is the difference between the present value of total insurance outgo payable in the future, and the present value of the net level premiums with Zillmer adjustment for insurance premiums receivable in the future. Mathematical reserve is calculated for all products with specific actuarial formulae and factors for each type of products as registered and approved by the Ministry of Finance.

The Group estimates the mathematical reserve for universal life products in accordance with the provisions and instructions of Ministry of Finance's Decision 96/2007/QD-BTC dated 23 November 2007 as amended by Circular 86/2009/TT-BTC dated 28 April 2009 and with actuarial principles and methods which are widely recognised in international practice. Furthermore, the methodology and actuarial principles used to estimate these universal life reserves have been registered and approved by the Ministry of Finance.

Unearned premium reserve: is the provision for unearned revenue out of already-paid premium as at the balance sheet date, and is calculated for all outstanding policies as at the reporting date;

Claims Reserve: is the provision for claims submitted but still in the course of settlement as at the balance sheet date;

Dividend Reserve: is the provision for accumulated unpaid dividends for participating policies, which is established on the variances of actual rate of return announced for participating policies and the respective nominal interest rate.

Equalisation Reserve: is made at one (1) percent of profit before tax. Annual contributions shall be made up until the time when this reserve is equal to five (5) per cent of the premiums collected in the fiscal year of an insurer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Reserves (continued)

4.20.2 General insurance reserves

Unearned premium reserve

Unearned premium reserve is established as a percentage of total retained premium or in accordance with a coefficient of the insurance contracts' terms as such:

- ▶ For cargo insurance, unearned premium reserve is made at 25% of the retained premium;
- ▶ For other insurance lines, unearned premium reserve is calculated based on the 1/8 method. This method assumes that premiums for all insurance contracts issued in a quarter are allocated equally between each month within the quarter. In other word, all insurance contracts of a particular quarter are assumed to be effective at that mid quarter. Unearned premium reserve is calculated based on the following formula:

$$\text{Unearned premium reserve} = \text{Retained premiums} \times \text{Unearned premium rate}$$

- ▶ For the insurance policies with period cover is more than one year, unearned premium reserve is calculated based on the daily method, following the formula:

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

Claims reserve

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

- ▶ Outstanding claims reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, in accordance to the Circular 156/2007/TT-BTC; and
- ▶ Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is calculated based on the formula in accordance with Circular 156/2007/TT-BTC.

Circular 156 has provided a formula to calculate IBNR which requires statistical information for past three years in order to calculate the IBNR provision. However, for the year 2010 and before, Bao Viet Insurance, the subsidiary of the Group operating in general insurance industry, had not maintained statistical data for the required period of three years to support the calculation of IBNR reserve by using the formula in the Circular 156 due to the fact that previous Management Information System did not capture such data as summary of unreported claims at the end of previous three years, and the average delay in making claims of current year and previous year.

To resolve the above issue, Bao Viet Insurance had written to the Ministry of Finance (the insurance regulator) to seek permission to modify the formula in the Circular 156/2007/TT-BTC to suit the Group's circumstances. Following that, the Ministry of Finance had approved Bao Viet Insurance to use the statistic data of the year 2009 only for the purpose of calculation of IBNR for the year 2010 under the official letter No.1393/BTC-QLBH dated 06 February 2009 and the official letter 2250/BTC-QLBH dated 24 February 2011, for which the reserve for incurred but not reported claims of the year 2010 was established based on the following formula (applicable to data of Bao Viet Insurance):

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Reserves (continued)

4.20.2 General insurance reserves (continued)

$$\begin{array}{l} \text{Reserve for payment} \\ \text{of losses which have} \\ \text{incurred but not yet} \\ \text{reported for the year} \\ \text{2010} \end{array} = \frac{\begin{array}{l} \text{Total indemnity for} \\ \text{claims incurred} \\ \text{but not reported at} \\ \text{the end of the year} \\ \text{2009} \end{array}}{\begin{array}{l} \text{Total indemnity for} \\ \text{losses arising in} \\ \text{the year 2010} \end{array}} \times \begin{array}{l} \text{Indemnity for} \\ \text{losses} \\ \text{arising in the} \\ \text{year 2010} \end{array} \times \frac{\begin{array}{l} \text{Net operating} \\ \text{revenue of the} \\ \text{year 2010} \end{array}}{\begin{array}{l} \text{Net operating} \\ \text{revenue of the} \\ \text{year 2009} \end{array}}$$

For the year 2011, Bao Viet Insurance has gathered sufficient data of 03 years, and was approved by Ministry of Finance in Official Letter No.1018/BTC-QLBH dated 19 January 2012 to change the formula of IBNR calculation of the year 2010 to that of Circular 156/2007/TT-BTC:

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

Catastrophe reserve

Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums and based on management's experience of historical data. Bao Viet Insurance use Catastrophe reserve to pay claims when there are large fluctuations in losses or when large losses occur and the total premiums retained for the financial year, after deduction of the unearned premium reserve and the outstanding claim reserve, are insufficient to pay claims on that part of the liability retained by Bao Viet Insurance.

On 28 December 2005, the Ministry of Finance issued Decision 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19-Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 46/2007/ND-CP issued by the Government of Vietnam on 27 March 2007 regarding financial regulations for insurance enterprises. Bao Viet Insurance has elected to adopt the policy of providing for the catastrophe reserve at 3.5% of total retained premium in accordance with Official letter No.1018/BTC-QLBH of the MOF dated 19 January 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Statutory reserves

The below statutory reserve funds are made in accordance with the regulations applicable to specific industries that the Holdings' subsidiaries are operating in.

Insurance operation

The compulsory reserve fund is established in order to supplement the contributed capital of Bao Viet Life and Bao Viet Insurance and ensure solvency. Appropriation to the compulsory reserve fund is made annually at 5% of after-tax profits until it reaches 10% of contributed capital in compliance with Decree 46/2007/ND-CP dated 27 March 2007.

Securities operation

BVSC, the Group's subsidiary operating in securities operations, uses retained earnings to create reserves in accordance with the Circular No. 11/2000/TT-BTC issued by Ministry of Finance on 1 February 2000, and decision 27/2007/QD-BTC issued on 24 April 2007 as follows:

	<u>Percentage of profit after tax</u>	<u>Maximum level</u>
Capital Supplementary Reserve	5%	100% of chartered capital
Statutory Reserve	5%	10% of chartered capital

Other reserves and funds are created in accordance with resolutions of shareholders' meetings.

Banking operation

In accordance with the Financial Institution Law No. 47/2010/QH12 which is effective on 01 January 2011, joint stock commercial banks are required to make the following allocations of profit after tax to create statutory reserves:

	<u>Percentage of profit after tax</u>	<u>Maximum balance</u>
Supplementary capital reserve	5% profit after tax	100% chartered capital
Financial risk reserve	Determined by Shareholders' Meeting	N/A

In 2011, Baoviet Bank, the Group's subsidiary operating in banking industry, has temporarily made 5% of the profit after tax for supplementary capital reserve and 10% of the profit after tax for financial risk reserve. The appropriation to statutory reserve of the bank is determined by Shareholders' meeting. The utilization of these statutory reserves is in accordance with guidelines as discussed in Financial Institution Law No. 47/2010/QH12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Revenue recognition

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

Gross written premium

Life insurance

Gross written premiums are recognized in accordance with Circular 156/2007/TT-BTC issued by the Ministry of Finance on 20 December 2007 ("Circular 156") and Circular 86/2009/TT-BTC ("Circular 86") modifying some clauses of Circular 156 on financial regime applicable to insurers and insurance brokers. Premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy is effective. Premiums due after the reporting period but received before the end of the financial year are shown as "premiums in advance" and included in the "Other payable" in the consolidated balance sheet.

Total premium received from Universal Life policy holders are recorded as revenue. Policy holders account value is calculated by actuaries and recorded under "Technical reserve" in the consolidated balance sheet.

General insurance

Gross written premiums are recognized in accordance with Circular 156 and Circular 86. Specifically, gross written premium is recognized as revenue at the point of time when the following conditions are met: (1) the insurance contract has been entered into by the insurer and the insured; and (2) the premium has been paid by the insured or there is agreement between the Group and the insured for delayed payment of insurance premium. Prepaid premium before due date is recorded as "Premium received in advance" in the consolidated balance sheet as at the balance sheet date.

Interests

Revenue is recognized as interests accrue (taking into account the effective yield on the asset) unless recoverability is in doubt.

Revenue from bond is recognized on an accrual basis. Interest revenue also includes the amount of amortization of any discount, premium or other difference between the initial carrying amount of a bond and its amount at maturity and allocated using straight-line method. When unpaid bond coupon interest has accrued before the acquisition of a bond, the subsequent receipt of coupon interest is allocated between pre-acquisition and post-acquisition period. Only post-acquisition bond coupon interest is recognized as revenue. Pre-acquisition bond coupon interest is deducted from the cost of the bond.

Interest income from banking activities is recognized in the consolidated income statement on an accrual basis using nominal interest rate. The recognition of accrued interest income is suspended when loans become impaired, which occurs when a loan is classified in one of the groups from Group 2 to Group 5 according to criteria set in Decision 493/2005/QD-NHNN dated 22 April 2005 and Decision 18/2007/QD-NHNN dated 25 April 2007 by the State Bank of Vietnam. Suspended interest income is recorded off-balance sheet and recognized in the consolidated income statement upon actual receipt. Fees and commissions are recognized on cash basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Revenue recognition (continued)

Fees from rendering of services

Fees from rendering of services include fund management fees, placement fees, incentive fees, brokerage, underwriting activities..., which are recognized when services are performed and the revenue can be reliably measured.

Gains from securities trading

Gains from securities trading are the excess of selling prices over the weighted average cost of securities sold.

Dividends and appropriated profits

Income is recognized when the Group's right to receive the cash dividend or the appropriated profit is established. Stock dividend and bonus shares received are not recognized as income of the Holdings and the respective increase in number of shares are only updated off balance sheet in compliance with Circular 244/2009/TT-BTC.

Other income

Revenues from irregular - activities other than turnover-generating activities are recorded to other incomes as stipulated by "VAS 14 - Revenue and other income", including: Revenues from asset liquidation and sale; fines paid by customers for their contract breaches; collected insurance compensation; collected debt which had been written off and included in the preceding period expenses; payable debts now recorded as revenue increase as their owners no longer exist; collected tax amounts which now are reduced and reimbursed; and other revenues.

4.23 Expense recognition

Claim and maturity payments

Claim and maturity payment expenses for life insurance are recognized when the liability to the policyholder under the policy has been determined.

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

Commission

For life insurance, commission expenses are calculated as the percentages of premium revenue and are recognized in the current year income statement. Commission is calculated for all products with specific percentages for each type of products, and in accordance with Circular 155/2007/TT-BTC dated 20 December 2007 issued by the Ministry of Finance providing guidelines for implementation of Governmental Decree 45/2007/ND-CP dated 27 March 2007 on Law on Insurance.

For general insurance, commission expense is recognized when incurred. Commission expense is calculated at percentage of gross written premium and recognize in the income statement. The percentage of commission over the gross written premium for specific line of insurance is stipulated in Circular 155/2007/TT-BTC dated 20 December 2007 and Circular 86/2009/TT-BTC dated 28 April 2009 issued by Ministry of Finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Expense recognition (continued)

Interest expense from banking activities

Interest expense is recognized in the consolidated income statement on an accrual basis.

Costs of transferred land use right

Cost of transferred land use right comprises all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities including:

- ▶ All costs incurred for land and land development activities;
- ▶ Mandatory and non-saleable costs associated to property development activities that would be incurred for existing and future land development of the project.

Leased assets

Rentals paid under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

4.24 Recognition of reinsurance activities of general insurance

(i) Reinsurance ceded

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

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

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

Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded.

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- ▶ Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements but for which the cedants have not sent their statement of accounts are estimated based on statistical data and based on the Group' own estimate.
- ▶ Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been entered into by the Group and a statement of account (for each facultative reinsurance agreement) has been received from the cedants;
- ▶ Claim expenses for reinsurance assumed is recognized when there is evidence of liability of the Group and when a statement of account has been sent to the Group; and
- ▶ Reinsurance commission is recognized when the reinsurance premium is ceded and when a statement of account has been sent to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured as the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

4.26 Taxation

Current income tax

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

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except:

- ▶ Where the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is audited at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Previously unrecognized deferred income tax assets are re assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

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

4.27 Appropriation of net profits

Profit after tax of the Group is appropriated in accordance with resolutions of the General Shareholders' Meeting and Vietnamese regulatory requirements.

4.28 Transactions in foreign currencies

The Holdings adopts the "VAS 10" in relation to foreign currency transactions.

Transactions in currencies other than the Group's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at inter-bank exchange rates ruling at the balance sheet date. All realized and unrealized foreign exchange differences are taken to the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.29 Offsetting

Financial assets and liabilities are offset and presented on net basis on the consolidated balance sheet when and only when the Group has the intention and legal right to make payment on net basis, or the settlement of financial assets and liabilities happen at the same time.

4.30 Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

4.31 Off-balance sheet items

In accordance with the Vietnamese Accounting System for insurance companies, insurance policies that have been signed but for which no obligations have arisen on the part of the insurers are not recorded in the consolidated balance sheet until the premium is collected or the policies become effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

5. CASH AND CASH EQUIVALENTS

	31 December 2011 VND	31 December 2010 VND
Cash on hand	146,097,375,257	155,587,174,546
Cash at banks	457,202,612,632	507,654,505,084
Cash in transit	103,545,859,735	59,798,195,232
Cash equivalents (*)	<u>4,772,977,416,790</u>	<u>5,121,667,272,896</u>
Total cash and cash equivalents	<u>5,479,823,264,414</u>	<u>5,844,707,147,758</u>

(*) Cash equivalents comprise of term deposits at financial institutions having original maturities of no more than 3 months and interest at rates denominated in Vietnam dong ranging from 6% to 14% per annum and in US dollar with interest rate 4% per annum.

6. ACCOUNTS RECEIVABLES

	31 December 2011 VND	31 December 2010 (restated) VND
Receivables from insurance activities		
Gross written premium receivables	636,542,949,831	502,949,183,276
Reinsurance assumed receivables	94,048,282,980	69,830,833,871
Reinsurance ceded receivables	1,135,554,842,904	846,488,277,330
Other receivables from insurance activities	491,460,431	1,273,562,909
Receivables from co-insurers	<u>17,026,805,196</u>	<u>23,254,922,871</u>
	1,883,664,341,342	1,443,796,780,257
Trade advances	58,694,312,636	51,438,200,967
Other advances	30,890,483,699	15,004,672,895
Receivables from investment activities		
Dividend receivables	7,578,567,100	12,923,835,861
Bank deposit interest	451,272,178,573	457,826,098,282
Bond coupon receivables	860,712,045,034	751,492,830,757
Receivables from securities trading	706,691,186	993,842,121
Interest receivables from automatic loans	9,467,884,285	4,822,755,596
Loans interest receivables from customers	52,203,202,972	4,196,209,448
Interest receivables from advances on surrender value	263,298,042,384	238,920,490,000
Other receivables from investment activities	<u>19,746,056,171</u>	<u>43,639,049,774</u>
	1,664,984,667,705	1,514,815,111,839
Other receivables	91,237,837,604	275,120,277,339
Total receivables	<u>3,729,471,642,986</u>	<u>3,300,175,043,297</u>
Provision for doubtful debts	<u>(104,422,768,076)</u>	<u>(67,524,345,157)</u>
Net receivables	<u>3,625,048,874,910</u>	<u>3,232,650,698,140</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

7. INVENTORIES

	31 December 2011	31 December 2010 (restated)
	VND	VND
Pre-printed certificates	14,867,890,884	13,746,747,839
Materials and stationery	10,653,992,048	8,800,947,860
Tools/ Equipment	1,727,849,271	2,059,809,994
Work in progress (*)	102,358,790,635	92,758,996,462
Total inventories	129,608,522,838	117,366,502,155
Provision for obsolete inventories	-	-
Net realisable value of inventories	129,608,522,838	117,366,502,155

(*) Work in progress represents investment properties under construction of BVInvest. These items are recorded in inventory account and will be recognized in cost of goods sold when they're sold.

8. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2011	31 December 2010
	VND	VND
Commercial loans	6,480,233,013,411	5,394,881,793,498
In which:		
<i>Short-term loans</i>	2,601,213,048,182	2,945,413,518,436
<i>Medium-term loans</i>	1,407,054,511,033	1,115,916,458,477
<i>Long-term loans</i>	2,471,965,454,196	1,333,551,816,585
Loans and advances to credit institutions	196,000,000,000	529,397,600,000
	6,676,233,013,411	5,924,279,393,498
Provision for credit losses	(80,170,262,607)	(35,211,916,130)
Net loans and advances to credit institutions	6,596,062,750,804	5,889,067,477,368

*For the year ended
31 December 2011
interest rate
(% per annum)*

Commercial loans in VND	12% - 27%
Commercial loans in foreign currency	4.5% - 8.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

8. LOANS AND ADVANCES TO CUSTOMERS (continued)

8.1 Analysis of commercial loans by quality

	<i>31 December 2011</i>	<i>31 December 2010</i>
	<i>VND</i>	<i>VND</i>
Current	5,779,188,759,017	5,341,330,710,017
Special mention	394,445,544,896	53,084,683,481
Substandard	115,716,968,324	466,400,000
Doubtful	167,355,835,306	-
Loss	23,525,905,868	-
	<u>6,480,233,013,411</u>	<u>5,394,881,793,498</u>

8.2 Provision for credit losses

Changes in the provision for credit losses for the year ended 31 December 2011 are summarized below:

	<i>Specific provision VND</i>	<i>General provision VND</i>	<i>Total VND</i>
Balance as at 31 Dec 2010	384,433,381	34,827,482,749	35,211,916,130
Provision expense in the year for credit losses	29,938,249,153	16,133,847,324	46,072,096,477
Reversal of provision during the year	-	(1,113,750,000)	(1,113,750,000)
Balance as at 31 Dec 2011	<u>30,322,682,534</u>	<u>49,847,580,073</u>	<u>80,170,262,607</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

9. TANGIBLE FIXED ASSETS

	Building VND	Machinery VND	Means of transportation and communication VND	Office equipment VND	Other tangible fixed assets VND	Total VND
Cost:						
31 Dec 2010 (restated)	853,067,108,260	42,618,289,828	258,946,679,509	344,847,739,308	1,059,363,551	1,500,539,180,456
Additions during the year	42,989,873,246	37,325,419,415	73,372,256,386	51,607,037,256	93,290,643	205,387,876,946
- New purchases	11,096,313,297	26,909,034,415	73,240,736,386	36,528,133,651	93,290,643	147,867,508,392
- Newly constructed	31,893,559,949	-	-	-	-	31,893,559,949
- Others	-	10,416,385,000	131,520,000	15,078,903,605	-	25,626,808,605
Decreases during the year	(81,225,848,770)	(49,997,508)	(7,337,333,511)	(14,179,618,184)	(43,580,143)	(102,836,378,116)
- Disposals	(4,370,477,965)	(49,997,508)	(7,337,333,511)	(14,179,618,184)	(43,580,143)	(25,981,007,311)
- Other decreases	(76,855,370,805)	-	-	-	-	(76,855,370,805)
31 Dec 2011	814,831,132,736	79,893,711,735	324,981,602,384	382,275,158,380	1,109,074,051	1,603,090,679,286
Accumulated depreciation:						
31 Dec 2010 (restated)	215,446,734,104	22,037,498,896	116,093,192,433	258,177,908,256	1,006,432,195	612,761,765,884
Charged for the year	35,486,219,851	13,571,026,149	40,783,900,302	40,924,932,539	32,636,223	130,798,715,064
Depreciation charged for the year	35,486,219,851	11,822,635,565	40,783,900,302	38,394,974,366	32,636,223	126,520,366,307
Other increases	-	1,748,390,584	-	2,529,958,173	-	4,278,348,757
Decreases for the year	(16,707,266,697)	(52,352,307)	(6,849,632,913)	(13,883,341,406)	(43,000,000)	(37,535,593,323)
Disposals	(248,307,700)	(52,352,307)	(6,849,632,913)	(13,883,341,406)	(43,000,000)	(21,076,634,326)
Other decreases	(16,458,958,997)	-	-	-	-	(16,458,958,997)
31 Dec 2011	234,225,687,258	35,556,172,738	150,027,459,822	285,219,499,389	996,068,418	706,024,887,625
Net book value:						
31 Dec 2010 (restated)	637,620,374,156	20,580,790,932	142,853,487,076	86,669,831,052	52,931,356	887,777,414,572
31 Dec 2011	580,605,445,478	44,337,538,997	174,954,142,562	97,055,658,991	113,005,633	897,065,791,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

10. INTANGIBLE FIXED ASSETS

	Land use rights VND	Software VND	Other intangible fixed assets VND	Total VND
Cost:				
31 Dec 2010 (restated)	621,540,099,030	169,677,855,865	1,998,162,716	793,216,117,611
Increases during the year	60,796,570,200	94,256,670,977	2,008,032,323	157,061,273,500
<i>In which:</i>				
<i>Newly purchased</i>	9,329,203,000	94,256,670,977	2,008,032,323	105,593,906,300
<i>Other increases</i>	51,467,367,200	-	-	51,467,367,200
Disposals during the year	<u>(1,075,206,000)</u>	-	-	<u>(1,075,206,000)</u>
31 Dec 2011	<u>681,261,463,230</u>	<u>263,934,526,842</u>	<u>4,006,195,039</u>	<u>949,202,185,111</u>
Accumulated amortization:				
31 Dec 2010 (restated)	12,194,541,405	69,606,439,716	1,525,546,463	83,326,527,584
<i>Amortization charged for the year</i>	6,846,765,773	36,097,588,012	654,709,520	43,599,063,305
<i>Other increases</i>	<u>12,180,610,240</u>	-	-	<u>12,180,610,240</u>
31 Dec 2011	<u>31,221,917,418</u>	<u>105,704,027,728</u>	<u>2,180,255,983</u>	<u>139,106,201,129</u>
Net book value:				
31 Dec 2010 (restated)	<u>609,345,557,625</u>	<u>100,071,416,149</u>	<u>472,616,253</u>	<u>709,889,590,027</u>
31 Dec 2011	<u>650,039,545,812</u>	<u>158,230,499,114</u>	<u>1,825,939,056</u>	<u>810,095,983,982</u>

11. CONSTRUCTION IN PROGRESS

	31 December 2011 VND	31 December 2010 (restated) VND
Purchasing fixed assets	82,723,810,366	97,139,041,830
Capital constructions in progress	287,731,636,599	243,095,104,146
Major assets overhaul	143,078,500	72,680,520
	<u>370,598,525,465</u>	<u>340,306,826,496</u>

Details of the capital constructions in progress at 31 December 2011 are as follows:

	31 December 2011 VND	31 December 2010 (restated) VND
Buildings under construction at Bao Viet Insurance	43,158,633,420	13,551,777,145
Buildings under construction at Baoviet Bank	-	6,352,444,033
Buildings under construction at Bao Viet Life	176,603,244,378	174,930,810,801
Construction in progress of Holdings	67,969,758,801	48,189,472,167
Construction in progress of BVSC	-	70,600,000
	<u>287,731,636,599</u>	<u>243,095,104,146</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

12. INVESTMENT PROPERTIES

This is the investment in Quang Minh Housing Project at Dong Dia, Cua Cuong, Ma Vang areas in Gia Tan, Quang Minh, Me Linh District, Vinh Phuc. These projects are held for capital appreciation at the date of preparation of these consolidated financial statements.

13. INVESTMENTS

Short term and long term financial investments of the Group as at 31 December 2011 and 31 December 2010 are as follows:

	Notes	31 December 2011			31 December 2010		
		Cost VND	Provision VND	Net book value VND	Cost VND	Provision VND	Net book value VND
Short term investments	13.1	7,589,621,158,904	(1,257,600,624,277)	6,332,020,534,627	9,885,894,075,590	(846,522,177,882)	9,039,371,897,708
Long term investments	13.2	19,567,949,467,444	(437,886,329,179)	19,130,063,138,265	18,741,151,342,109	(211,595,937,029)	18,529,555,405,080
		27,157,570,626,348	(1,695,486,953,456)	25,462,083,672,892	28,627,045,417,699	(1,058,118,114,911)	27,568,927,302,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)

13.1 Short-term investments

	Note	31 December 2011 VND	31 December 2010 (restated) VND
Term deposits at financial institutions	13.1.1	4,411,118,781,000	6,889,370,528,889
Bonds	13.1.2	1,575,388,740,592	860,005,838,111
Listed shares	13.1.3	1,477,853,365,412	1,885,055,919,490
Other short-term investments		125,260,271,900	251,461,789,100
		7,589,621,158,904	9,885,894,075,590
Provision for impairment of short-term investments	13.1.4	(1,257,600,624,277)	(846,522,177,882)
Net value of short – term investments		6,332,020,534,627	9,039,371,897,708

13.1.1 Term deposits at financial institutions

	31 December 2011 VND	31 December 2010 VND
Term deposits in VND	4,411,118,781,000	6,889,370,528,889
	4,411,118,781,000	6,889,370,528,889

The above short-term deposits have maturities not over one year and interest at rates ranging from 6% to 14% per annum for VND.

13.1.2 Bonds

Type of bonds	Currency	Term (years)	Rate (%)	31 December 2011 VND
Corporate bonds	VND	0.5-5 years	8.15% - 17.50%	1,235,662,932,340
Government bonds	VND	2-5 years	7.20% - 12.10%	339,725,808,252
				1,575,388,740,592

The Holdings' short-term bonds are bonds which have remaining maturity of not over one year.

13.1.3 Listed shares

The Group has invested in shares listed in Hanoi Stock Exchange and Ho Chi Minh Stock Exchange and currently does not have any investment in overseas stock markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)

13.1 Short-term investments (continued)

13.1.4 Provision for impairment of short-term investments:

	31 December 2011 VND
Term deposits at financial institutions	(484,268,321,711)
Bonds	(29,360,000,000)
Listed shares	(729,332,104,122)
Other short-term investments	(14,640,198,444)
	<u>(1,257,600,624,277)</u>

Provision for short – term investment includes VND 233,188,321,713 which is provision for overdue interest of term deposit contract at ALCII and VFC.

Provision for short – term bond investment is provision for overdue coupon of Vinashin Bond. The Group currently does not have any overdue principle of these bonds.

Besides investments in term deposits and bonds, the Holdings has invested in shares listed in Hanoi Stock Exchange and Ho Chi Minh Stock Exchange. The Holdings currently does not have any investment in overseas stock markets

13.2 Long-term investments

	Notes	31 December 2011 VND	31 December 2010 (restated) VND
Investments in associates and joint ventures	13.2.1	373,783,823,698	338,561,803,678
Other long-term investments			
Term deposits at financial institutions	13.2.2	1,652,600,600,000	1,683,500,000,000
Bonds	13.2.3	15,505,822,821,207	14,450,546,217,240
Loans and trusted loans	13.2.4	45,318,857,716	41,385,137,366
Advances from surrender value	13.2.5	780,962,705,056	862,658,975,058
Other long-term investments	13.2.6	1,209,460,659,767	1,364,499,208,767
		<u>19,194,165,643,746</u>	<u>18,402,589,538,431</u>
Total long-term investments		19,567,949,467,444	18,741,151,342,109
Provision for impairment	13.2.7	(437,886,329,179)	(211,595,937,029)
Net value of long-term investments		<u>19,130,063,138,265</u>	<u>18,529,555,405,080</u>

Bao Viet Holdings

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)
13.2 Long-term investments (continued)
13.2.1 Investments in associates and joint ventures

As at 31 December 2011, the Holdings' investments in associates and joint ventures include:

Note	Associates & joint ventures	31 December 2011			31 December 2010	
		Charter capital VND	Contributed capital (at historical cost) VND	%	Carrying value under equity method VND	Carrying value under equity method VND
13.2.1.a	Bao Viet Tourism Hotel JSC	60,000,000,000	21,000,000,000	35%	21,000,000,000	16,500,000,000
13.2.1.b	International Investment & Construction Joint Stock Company ("VIGIBA")	180,000,000,000	54,000,000,000	30%	74,854,185,612	54,000,000,000
13.2.1.c	Long Viet Investments & Construction JSC and Quang Minh Project	65,043,200,000	29,269,440,000	45%	35,225,750,126	34,812,144,191
13.2.1.d	Bao Viet Tokio Marine Insurance Joint Venture Company	300,000,000,000	153,000,000,000	51%	221,828,352,380	212,554,391,751
13.2.1.e	Bao Viet SCIC Investment Limited Company ("SCIC")	40,000,000,000	20,000,000,000	50%	20,875,535,580	20,695,267,736
			<u>277,269,440,000</u>		<u>373,783,823,698</u>	<u>338,561,803,678</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)

13.2 Long-term investments (continued)

13.2.1 Investments in associates and joint ventures (continued)

Details of the investments in associates and joint ventures as at 31 December 2011 are presented as below:

	<i>Charter capital</i> VND	<i>Committed contribution</i> <i>capital</i> VND	%
Associates			
Bao Viet Tourism Hotel JSC	60,000,000,000	21,000,000,000	35%
VIGIBA	180,000,000,000	74,854,185,612	30%
Long Viet Investment and Construction JSC	65,043,200,000	35,225,750,126	45%
Joint ventures			
Bao Viet Tokio Marine Insurance Joint Venture	300,000,000,000	221,828,352,380	51%
Bao Viet-SCIC Investment Limited Company	40,000,000,000	20,875,535,580	50%

13.2.1.a Investment in Bao Viet Tourism Hotel JSC

	<i>31 December 2011</i> VND	<i>31 December 2010</i> VND
Opening balance	16,500,000,000	7,400,000,000
Increase in capital	4,500,000,000	9,100,000,000
Closing balance	21,000,000,000	16,500,000,000

13.2.1.b Investment in International Investment & Construction Joint Stock Company ("VIGIBA")

	<i>31 December 2011</i> VND	<i>31 December 2010</i> VND
Opening balance	54,000,000,000	54,000,000,000
Profit distribution	-	(9,426,417,396)
Adjustment to profit distribution of prior year based on the audited figures of VIGIBA	4,026,417,396	-
Share of retained profit during the year	16,827,768,216	9,426,417,396
Closing balance	74,854,185,612	54,000,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)

13.2 Long-term investment (continued)

13.2.1 Investments in associates and joint ventures (continued)

13.2.1.c Investment in Long Viet Investment and Construction Company JSC ("Long Viet") and Quang Minh Project

	31 December 2011 VND	31 December 2010 VND
Opening balance	34,812,144,191	19,797,937,689
Capital recovery upon the liquidation of Quang Minh Project	-	(14,000,000,000)
Increase in capital contributed in Long Viet	-	24,807,000,000
Dividend received	(2,823,363,665)	-
Share of retained profit for the year	3,236,969,600	4,207,206,502
Closing balance	35,225,750,126	34,812,144,191

13.2.1. d Investment in Bao Viet Tokio Marine Insurance Joint Venture Company

	31 December 2011 VND	31 December 2010 VND
Opening balance	212,554,391,751	186,892,261,619
Dividend received	(31,145,534,103)	(9,911,913,955)
Adjustment for the foreign exchange difference as the Holdings applied VAS 10 in 2010	-	(3,629,917,600)
Share of retained profit for the year	40,419,494,732	39,203,961,687
Closing balance	221,828,352,380	212,554,391,751

13.2.1. e Investment in Bao Viet-SCIC Investment Limited Company

	31 December 2011 VND	31 December 2010 VND
Opening balance	20,695,267,736	45,469,373,581
Decrease in capital	-	(25,000,000,000)
Dividend paid	-	(645,661,041)
Share of retained profit for the year	180,267,844	871,555,196
Closing balance	20,875,535,580	20,695,267,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)

13.2 Long-term investment (continued)

13.2.2 Term deposits at financial institutions

	31 December 2011 VND	31 December 2010 VND
Term deposits in VND	1,652,600,600,000	1,683,500,000,000
	<u>1,652,600,600,000</u>	<u>1,683,500,000,000</u>

These deposits have terms ranging from 1 to 15 years and interest at rates ranging from 8.8% to 14% per annum.

13.2.3 Bonds

Type of bonds	Currency	Term (years)	Interest rate (%)	Value as at 31 December 2011 VND
Corporate bonds	VND	2-20 years	9%-17.75%	3,147,091,902,614
Government bonds	VND	3-15 years	8.5%-16%	12,358,730,918,593
				<u>15,505,822,821,207</u>

13.2.4 Loans and trusted loans

As at 31 December 2011, the Group has made 100% provision for the VND 45,318,857,716 loans and trusted loans due to the fact that these loans are not recoverable.

13.2.5 Advances from surrender values

Advances from surrender values are carried at cost. Policyholders who have fulfilled their premium payment obligations for at least 24 months are entitled to an advance on the surrender value, with the advance amount at a maximum of 80% of the surrender value and accumulated un-withdrawn dividend for the relevant policy.

Bao Viet Holdings

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. INVESTMENTS (continued)

13.2.6 Other long-term investments

These are equity investments in other entities which the Holdings has neither control right nor significant influence on. Hence, these are not investment in joint-ventures or associates. Breakdown of the investments by source is as follows:

	31 December 2011 VND	31 December 2010 VND
The Holdings		
Bao Viet Insurance	965,861,166,767	962,254,966,767
Bao Viet Life	120,500,000,000	60,500,000,000
Bao Viet Security Joint Stock Company	28,083,520,000	88,747,960,000
Bao Viet Security Investment Fund	90,275,973,000	92,911,383,000
Bao Viet Fund Management Company	4,740,000,000	105,346,105,000
BVInvest	-	14,770,461,000
	-	39,968,333,000
	<u>1,209,460,659,767</u>	<u>1,364,499,208,767</u>

13.2.7 Provision for impairment of long-term investments

	31 December 2011 VND
Listed shares	
Unlisted shares	(261,436,845,800)
Other long-term investments	(108,972,790,000)
	<u>(67,476,693,379)</u>
	<u>(437,886,329,179)</u>

14. LONG-TERM PREPAID EXPENSES

	31 December 2011 VND	31 December 2010 (restated) VND
Beginning balance		
Increase	52,937,881,844	18,120,011,138
Charged as expenses	124,008,325,600	92,016,127,609
	(117,667,905,126)	(57,198,256,903)
Ending balance	<u>59,278,302,318</u>	<u>52,937,881,844</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

15. SHORT-TERM LOANS AND BORROWINGS

These are loans of Bao Viet Bank from the State Bank of Vietnam, including loans in VND for capital replenishment under the form of valuable paper discounting to ensure Bao Viet Bank's liquidity. These loans have terms of 7 days to 14 days and bear interest at rate of 10% p.a.

16. ACCOUNTS PAYABLES

16.1 Trade payables

	31 December 2011	31 December 2010 (restated)
	VND	VND
Insurance activities		
Life insurance	132,014,578,002	101,637,171,829
Claims payables	54,123,395,183	41,928,770,562
Commissions payables	72,702,292,918	56,791,508,044
Premium returns payables	101,362,801	105,682,201
Dividends payable to policyholders	5,087,527,100	2,811,211,022
General insurance	583,342,031,979	557,239,018,461
Commissions payables	57,046,326,197	39,948,152,665
Payables relating to direct insurance activities	64,982,011,938	42,143,867,891
Reinsurance assumed payables	45,918,155,018	42,537,943,062
Reinsurance ceded payables	415,395,538,826	432,609,054,843
	715,356,609,981	658,876,190,290
Financial activities		
Prepaid bond interest	23,028,362,467	45,470,109,657
Prepaid deposit interest	4,259,401,713	39,504,785,202
Interest payable to customer deposits	60,857,472,646	51,209,531,821
Other payables from financial activities	46,105,424,989	71,080,071,486
	134,250,661,815	207,264,498,166
Payables to suppliers and service providers		
Payables to suppliers	46,464,529,696	58,634,499,847
Payables to securities issuing organizations	1,915,878,752	4,193,069,302
Payables to lender in repo contracts	1,235,025,248,983	2,165,153,642,558
Others	859,780,245	1,713,697,400
	1,284,265,437,676	2,229,694,909,107
	2,133,872,709,472	3,095,835,597,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

16. ACCOUNTS PAYABLES (continued)

16.2 Advances from customers

	31 December 2011 VND	31 December 2010 VND
Advances from customers for securities trading	2,238,915,000	4,648,902,058
Premium in advance	5,160,198,413	30,656,565,920
	<u>7,399,113,413</u>	<u>35,305,467,978</u>

17. STATUTORY OBLIGATIONS

	31 December 2010 (restated) VND	Increase VND	Paid VND	31 December 2011 VND
Taxes				
Value added tax	26,857,180,418	388,752,259,293	(386,561,012,908)	29,048,426,803
Corporate income Tax	57,244,721,410	320,575,293,975	(318,202,027,498)	59,617,987,887
Personal Income Tax	8,669,000,413	51,649,528,372	(53,854,661,891)	6,463,866,894
Land lease tax	66,175,326	8,472,388,870	(8,567,781,222)	(29,217,026)
Other taxes	6,084,794,223	69,225,497,875	(68,009,791,916)	7,300,500,182
	<u>98,921,871,790</u>	<u>838,674,968,385</u>	<u>(835,195,275,435)</u>	<u>102,401,564,740</u>

17.1 Current Corporate Income Tax

In 2010, except for the case of Bao Viet Fund Management Company and BV Au Lac, the Holdings has the obligation to pay Corporate Income Tax ("CIT") at the rate of 25% of taxable profits.

For the training service of BV - Au Lac, the Corporate Income Tax rate imposed is 10%.

In the first 10 years from the establishment of BVF, BVF is subject to enterprise income tax at the rate of 20%. BVF is exempted from CIT for two years from the first profit making year and enjoy a reduction of 50% in the next 3 years. Therefore from 2008 to 2010, BVF has the obligation to pay the tax at the rate of 10% and from 2011 onward, BVF has obligation to pay the tax at the rate of 20%.

Tax returns of the Holdings and its subsidiaries are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

17. STATUTORY OBLIGATIONS (continued)

17.1 Current Corporate Income Tax (continued)

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Current Enterprise Income Tax	320,575,293,975	282,595,671,427
Deferred Enterprise Income Tax	<u>(8,893,512,085)</u>	<u>2,122,672,833</u>
Enterprise Income Tax Expense	<u>311,681,781,890</u>	<u>284,718,344,260</u>

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Holdings' liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Consolidated profit before tax	1,520,697,866,221	1,296,325,260,539
Increase adjustment on profit before tax	36,377,754,084	34,416,527,760
Reduction adjustment on profit before tax	(96,062,898,620)	(280,277,231,361)
Non-taxable (loss)/profit arising from consolidation adjustments	(522,449,627,385)	(112,001,271,911)
Non-taxable losses	319,029,371,343	181,243,155,060
Total adjustment on consolidated profit before tax	(263,105,400,578)	(176,618,820,452)
Equalization reserve	<u>(6,062,818,336)</u>	<u>(6,082,793,237)</u>
Estimated current taxable income	1,251,529,647,307	1,113,623,646,850
<i>in which:</i>		
<i>Taxable income of the Holdings at 25%</i>	29,501,373,752	145,418,935,662
<i>Taxable income of the Subsidiaries at 25%</i>	1,205,621,757,894	946,687,452,205
<i>Taxable income of the Subsidiaries at 20%</i>	16,406,515,662	-
<i>Taxable income of the Subsidiaries at 10%</i>	-	21,517,258,983
Total estimated tax expense	312,062,086,044	275,178,322,867
Adjustment according to Tax Authority's decision Supplementary CIT for 2008 and 2009 as per instruction of Tax Authority, according to which certain entities within the Group are not subject to tax reduction regulated in Circular 03/2009/TT-BTC	98,323,225	7,579,376,993
Other adjustments	8,414,884,706	-
	-	(162,028,433)
Tax expense charged to current year	320,575,293,975	282,595,671,427
Opening balance of CIT payables	57,244,721,410	93,170,087,183
Current CIT paid during the year	<u>(318,202,027,498)</u>	<u>(318,521,037,200)</u>
Estimated Corporate Income Tax payable	<u>59,617,987,887</u>	<u>57,244,721,410</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

17. STATUTORY OBLIGATIONS (continued)

17.2 *Deferred Tax*

The following are the major deferred tax assets and liabilities recognized by the Holdings, and the movements thereon, during the current and prior reporting periods.

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>31 December 2011</i> VND	<i>31 December 2010</i> VND	<i>For the year ended 31 December 2011</i> VND	<i>For the year ended 31 December 2010 (restated)</i> VND
Deferred tax assets on deductible temporary differences	13,955,800,374	12,668,907,308	1,286,893,066	2,014,589,473
Deferred tax liabilities on taxable temporary differences	1,007,051,923	(8,613,670,942)	7,606,619,019	(4,137,262,306)
Net deferred income tax credit (charge) to consolidated income statement			8,893,512,085	(2,122,672,833)

18. OTHER PAYABLES

	<i>31 December 2011</i> VND	<i>31 December 2010 (restated)</i> VND
Surplus assets awaiting resolution	106,383,094	15,729,701
Social Insurance, Health Insurance, Trade Union Fees	6,194,666,884	5,268,842,172
Share allotment monies received (*)	-	646,867,673,855
Dividend payables to shareholders	451,432,417	10,613,306,875
Deferred revenue	-	18,974,714,214
Payables relating to security operation	25,686,852,858	12,140,496,509
Payables to Ministry of Finance (**)	-	32,926,520,739
Payable to HSBC Insurance (Asia Pacific) Holdings Limited for Technical Support and Capability Transfer Agreement (TSCTA)	46,789,658,766	74,408,814,579
Dividend advance from VIGIBA	81,000,000,000	17,573,582,604
Payable to Co-insurers	50,669,128,731	38,999,675,288
Others	122,758,251,225	249,356,214,150
	333,656,373,975	1,107,145,570,686

(*) This represents the subscription money received from existing shareholders for their exercise of right issues in January 2011. Additional charter capital is recorded in quarter I of 2011.

(**) This relates to the 2008 dividend payable to Ministry of Finance that the Holdings was authorized to use to increase Ministry of Finance's contribution in the Holdings' charter capital. The amount of VND 32,926,573,826 as at 31 December 2010 was recognized as an increase in charter capital of the Holdings in quarter I of 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

19. BONUS AND WELFARE FUNDS

	<i>31 December 2011</i>	<i>31 December 2010</i> <i>(restated)</i>
	VND	VND
Opening balance	69,113,381,479	49,856,498,121
Increased during the year	61,862,588,222	68,159,512,505
Utilized during the year	<u>(61,949,354,225)</u>	<u>(48,902,629,147)</u>
Closing balance	<u>69,026,615,476</u>	<u>69,113,381,479</u>

20. AMOUNT DUE TO CUSTOMERS

	<i>31 December 2011</i>	<i>31 December 2010</i>
	VND	VND
Deposits from commercial banks	3,572,928,705,159	3,019,960,785,943
Deposits from customers	<u>3,376,564,722,633</u>	<u>4,577,878,623,080</u>
	<u>6,949,493,427,792</u>	<u>7,597,839,409,023</u>

20.1 Deposits from commercial banks

	<i>31 December 2011</i>	<i>31 December 2010</i>
	VND	VND
In VND	3,173,031,105,159	2,754,912,785,943
In gold and foreign currencies	<u>399,897,600,000</u>	<u>265,048,000,000</u>
	<u>3,572,928,705,159</u>	<u>3,019,960,785,943</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

20. AMOUNT DUE TO CUSTOMERS (continued)

20.2 Deposits from customers

	31 December 2011 VND	31 December 2010 VND
Demand deposits	388,147,261,951	452,914,877,809
Demand deposits in VND	379,147,217,646	444,262,169,207
Demand savings deposits in VND	18,674,674	3,422,568
Demand deposits in foreign currencies	7,757,397,007	8,591,260,022
Demand savings deposits in foreign currencies	1,223,972,624	58,026,012
Term deposits	2,980,486,803,938	4,104,108,685,744
Term deposits in VND	1,346,064,683,014	2,623,855,520,334
Term savings deposits in VND	1,170,586,108,555	826,429,877,181
Term deposits in foreign currencies	19,461,084,187	17,376,853,389
Term savings deposits in foreign currencies	444,374,928,182	636,446,434,840
Margin deposits	7,930,656,744	20,855,059,527
Margin deposits in VND	6,620,529,306	13,649,052,864
Margin deposits in foreign currencies	1,310,127,438	7,206,006,663
	<u>3,376,564,722,633</u>	<u>4,577,878,623,080</u>
	<i>Current year interest rate per annum</i>	<i>Previous year interest rate per annum</i>
Demand deposits in VND	2.4%	2.4%
Demand savings deposits in VND	2.4%	2.4%
Demand deposits in foreign currencies	0.5% - 0.6%	0.5%-0.6%
Demand savings deposits in foreign currencies	0.6%	0.5%-0.6%
Term deposits in VND	6% - 14%	10% - 18%
Term savings deposits in VND	6% - 14%	6.2% - 18%
Term deposits in foreign currencies	0.5% - 5.55%	0.8% - 6.02%
Term savings deposits in foreign currencies	1.5% - 5.95%	2.57% - 6.05%
Certificates of deposit in VND	14%	10%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

21. RESERVES

	UPR Reserve VND	Mathematical Reserve VND	Claims Reserve VND	Catastrophe Reserve VND	Dividend Reserve VND	Equalisation Reserve VND	Total VND
Life Insurance							
Balance at 31 Dec 2010 (restated)	851,782,000,000	13,947,735,874,260	5,806,276,800	-	906,960,197,603	22,820,418,185	15,735,104,766,848
Net movement of provision	54,323,459,168	258,004,477,200	13,842,383,443	-	139,851,398,754	5,867,818,336	471,889,536,901
Balance at 31 Dec 2011	906,105,459,168	14,205,740,351,460	19,648,660,243	-	1,046,811,596,357	28,688,236,521	16,206,994,303,749
General Insurance							
Balance at 31 Dec 2010 (restated)	1,596,360,299,449	-	1,199,782,725,640	307,012,203,931	-	-	3,103,155,229,020
Net movement of provision	228,451,155,395	-	189,631,352,420	(53,382,791,539)	-	-	364,699,716,276
Balance at 31 Dec 2011	1,824,811,454,844	-	1,389,414,078,060	253,629,412,392	-	-	3,467,854,945,296
Total balance at 31 Dec 2010 (restated)	2,448,142,299,449	13,947,735,874,260	1,205,589,002,440	307,012,203,931	906,960,197,603	22,820,418,185	18,838,259,995,868
Total balance at 31 Dec 2011	2,730,916,914,012	14,205,740,351,460	1,409,062,738,303	253,629,412,392	1,046,811,596,357	28,688,236,521	19,674,849,249,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

22. OWNERS' EQUITY

Changes in owners' equity

	Contributed capital VND	Share premium VND	Foreign exchange differences reserve (*) VND	Statutory reserves for insurance operation VND	Investment and development fund VND	Financial reserve fund VND	Other reserve (**) VND	Undistributed earnings VND	Total VND
31 December 2010 (restated)	6,267,090,790,000	3,076,807,671,197	16,075,608,000	79,245,733,155	13,810,688,873	18,316,956,265	103,568,802,818	1,122,870,222,431	10,697,786,472,739
Additional capital contribution	537,623,550,000	107,524,710,000	-	-	-	-	-	-	645,148,260,000
Profit or current year	-	-	-	-	-	-	-	-	1,201,383,567,583
Appropriation to other reserves	-	-	-	40,129,827,915	3,005,245,751	6,010,491,501	-	(49,145,565,167)	-
Dividends for the year 2010 paid to Shareholders	-	-	-	-	-	-	-	(816,565,720,800)	(816,565,720,800)
Appropriation to bonus and welfare fund for the year 2010	-	-	-	-	-	-	-	(58,935,221,289)	(58,935,221,289)
Remuneration to the Board of Directors and Supervisory Board of the Holdings and subsidiaries for the year	-	-	-	-	-	-	-	(3,477,222,193)	(3,477,222,193)
Other increase/ (decrease)	-	-	-	-	(7,140,517)	(3,570,257)	-	195,000,000	184,289,226
31 December 2011	6,804,714,340,000	3,184,332,381,197	16,075,608,000	119,375,561,070	16,808,794,107	24,323,877,509	103,568,802,818	1,386,325,060,565	11,665,524,425,266

(*) The balance of foreign exchange translation reserve of VND 16,075,608,000 as at 31 December 2011 represents the foreign exchange difference resulted from the conversion of accounting currency of Bao Viet Tokio Marine Insurance Joint Venture from USD to VND since 01 January 2008.

(**) Other reserve represents the Holdings' retained interest in share premium of Bao Viet Securities Joint Stock Company (BVSC) arising after consolidating the financial statements of BVSC into the Holdings' consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

23. MINORITY INTERESTS

	VND
31 December 2010 (restated)	1,348,743,353,931
Profit for the year	1,569,698,412
Additional capital contribution	10,000,000,000
Dividends for the year 2010	(43,200,000,000)
Profit appropriation to bonus and welfare funds for the year 2010	(972,223,499)
Payment to the Board of Directors and Supervisory Board	(489,600,000)
Other increase	10,710,774
31 December 2011	<u>1,315,661,939,618</u>

24. REVENUE

24.1 *Gross written premium*

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Life Insurance		
Endowment insurance	3,281,721,461,275	3,387,950,268,309
Universal life	1,023,137,761,895	507,352,226,058
Term insurance	4,732,456,046	2,364,709,869
Whole Life insurance	8,451,199,529	9,240,606,719
Life annuity	48,939,009,131	35,607,154,756
Rider	126,038,735,069	100,921,532,389
Bancassurance	1,446,679,157	2,408,767,617
Total life insurance premium	<u>4,494,467,302,102</u>	<u>4,045,845,265,717</u>
General Insurance		
Cargo Insurance	386,891,983,343	310,121,673,435
Hull- P&I Insurance	558,109,554,062	527,115,383,110
Oil & Gas Insurance	-	43,003,905
Aviation Insurance	194,004,449,200	197,709,637,806
Engineering Insurance	408,300,040,205	391,536,722,561
Fire & Special Risk Insurance	386,102,884,641	333,457,581,999
General Indemnity Insurance	106,484,421,168	81,200,645,832
Agriculture Insurance	5,656,938,965	1,838,316,517
Automobile Insurance	1,497,424,930,250	1,272,854,421,400
Health & Personal Accident Insurance	1,334,284,825,894	1,083,391,252,171
Total general insurance premium	<u>4,877,260,027,728</u>	<u>4,199,268,638,736</u>
Total gross premium	<u>9,371,727,329,830</u>	<u>8,245,113,904,453</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

24. REVENUE (continued)

24.2 Reinsurance premium assumed

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010</i>
	VND	VND
Cargo Insurance	25,984,469,176	12,283,819,020
Hull- P&I Insurance	43,506,512,583	41,207,200,435
Oil & Gas Insurance	11,951,176,020	8,467,641,186
Aviation Insurance	6,604,099,636	8,848,088,784
Engineering Insurance	47,141,296,066	44,833,749,971
Fire & Other Insurance	94,089,282,635	70,983,152,160
	<u>229,276,836,116</u>	<u>186,623,651,556</u>

24.3 Deductions

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010</i>
	VND	VND
Reinsurance premium ceded	1,204,651,228,144	1,083,576,007,876
Cargo Insurance	52,218,064,026	45,600,557,199
Hull- P&I Insurance	327,431,923,374	286,400,031,710
Oil & Gas Insurance	2,547,500,377	1,077,373,187
Aviation Insurance	196,809,850,479	181,396,605,802
Engineering Insurance	221,009,012,533	226,464,250,181
Fire & Other Insurance	354,515,043,640	296,816,794,625
Human Insurance	50,119,833,715	45,820,395,172
Premium deduction	5,719,805,314	2,065,444,546
General insurance activities	5,719,805,314	2,065,444,546
Premium returns	56,628,175,196	66,392,945,741
Life insurance activities	6,668,300,803	8,402,770,465
General insurance activities	49,959,874,393	57,990,175,276
Total deductions	<u>1,266,999,208,654</u>	<u>1,152,034,398,163</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

25. DIRECT EXPENSES OF INSURANCE ACTIVITIES

25.1 Claim and maturity payment expenses

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Life Insurance		
Maturity payments	2,123,692,952,496	2,020,411,495,836
Surrender value payments	809,795,948,365	826,993,601,131
Claim expenses	369,342,650,996	31,882,227,401
	3,302,831,551,857	2,879,287,324,368
General Insurance		
Cargo Insurance	148,938,069,648	103,804,226,707
Hull- P&I Insurance	463,101,730,904	207,003,271,882
Oil & Gas Insurance	235,321,949	8,931,661,968
Aviation Insurance	154,386,327,728	59,823,323,111
Engineering Insurance	96,907,735,964	95,969,490,634
Fire & Special Risk Insurance	106,467,690,925	118,940,856,929
General Indemnity Insurance	15,987,566,306	2,041,459,452
Agriculture Insurance	2,032,832,477	-
Automobile Insurance	813,995,452,616	674,737,589,937
Health & Personal Accident Insurance	670,434,658,755	480,380,635,197
	2,472,487,387,272	1,751,632,515,817
	5,775,318,939,129	4,630,919,840,185

25.2 Claim expenses for reinsurance assumed

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010</i>
	VND	VND
Cargo Insurance	5,333,694,956	2,070,264,209
Hull- P&I Insurance	24,371,477,542	12,023,826,740
Oil & Gas Insurance	2,392,082,096	1,557,868,354
Aviation Insurance	2,888,711,155	707,650,153
Engineering Insurance	22,751,822,921	6,958,028,162
Fire & Other Insurance	19,141,488,978	28,429,689,434
	76,879,277,648	51,747,327,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

25. DIRECT EXPENSES OF INSURANCE ACTIVITIES (continued)

25.3 Recoveries from reinsurance ceded

	<i>For the year ended 31 December 2011 VND</i>	<i>For the year ended 31 December 2010 VND</i>
Cargo Insurance	36,024,416,809	19,274,421,947
Hull- P&I Insurance	279,207,549,422	79,633,378,294
Oil & Gas Insurance	55,262,829	11,347,465,053
Aviation Insurance	145,692,736,628	55,593,521,765
Engineering Insurance	87,597,656,969	83,917,052,395
Fire & Other Insurance	121,112,032,941	100,131,198,536
Health care Insurance	36,540,822,486	22,325,558,609
	<u>706,230,478,084</u>	<u>372,222,596,599</u>

26. NET OPERATING INCOME FROM BANKING ACTIVITIES

	<i>For the year ended 31 December 2011 VND</i>	<i>For the year ended 31 December 2010 (restated) VND</i>
Interest and similar income		
Interest income from deposits	256,143,246,330	237,105,833,881
Interest income from lending	1,138,686,839,749	459,976,442,570
Interest from debt securities investment	287,346,808,543	194,560,997,283
Other income from credit activities	560,589,430	7,156,614,750
	<u>1,682,737,484,052</u>	<u>898,799,888,484</u>
Other banking operating income		
Fee income from banking activities	17,862,453,184	15,833,714,048
Gain from foreign exchange trading	11,110,510,931	27,703,529,777
Income from securities trading	7,432,480,353	14,885,926,064
	<u>36,405,444,468</u>	<u>58,423,169,889</u>
Total revenue from banking activities	<u>1,719,142,928,520</u>	<u>957,223,058,373</u>
Interest and similar expenses		
Interest expenses on deposits	(796,653,728,716)	(386,713,119,676)
Interest expenses on borrowings	(113,641,820,863)	(94,347,313,673)
Other expenses on credit activities	(98,811,369,011)	(6,216,577,167)
	<u>(1,009,106,918,590)</u>	<u>(487,277,010,516)</u>
Other banking operating expenses		
Expenses on banking operations	(10,324,982,536)	(5,546,370,401)
Loss from foreign exchange trading	(6,627,981,054)	(15,589,850,139)
Securities trading expense	(2,955,801,431)	(18,379,332)
Loan loss provision expenses	(42,642,750,035)	(30,159,694,493)
	<u>(62,551,515,056)</u>	<u>(51,314,294,365)</u>
Total expenses from banking activities	<u>(1,071,658,433,646)</u>	<u>(538,591,304,881)</u>
Net banking operation income	<u>647,484,494,874</u>	<u>418,631,753,492</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

27. NET OPERATING INCOME FROM OTHER ACTIVITIES

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	<i>VND</i>	<i>VND</i>
Operating income from other activities		
Brokerage service	30,253,903,823	60,270,507,596
Securities underwriting	217,627,110	6,490,795,709
Investment advisory service	7,524,581,192	6,373,421,770
Custody service	1,820,862,462	2,102,727,419
Portfolio investment management	992,539,439	162,222,222
Real estate management service	193,594,715	-
Training services	17,156,240,865	17,486,448,587
Construction machinery trading activities	60,289,791,571	66,856,747,569
Rental services	7,418,119,419	4,540,249,660
Others	6,017,419,906	34,486,271,896
	131,884,680,502	198,769,392,428
Operating expenses from other activities		
Brokerage service expense	(27,510,844,737)	(25,831,402,828)
Securities underwriting	(266,638,912)	(1,780,621,544)
Investment advisory service	(6,744,542,429)	(4,977,231,110)
Custody service	(8,166,882,592)	(8,125,310,878)
Portfolio investment management	(60,311,548)	-
Real estate management service	(22,841,166,329)	(9,190,954,318)
Construction machinery trading activities	(57,440,184,237)	(78,136,774,389)
Others	(29,895,345,247)	(28,220,511,736)
	(152,925,916,031)	(156,262,806,803)
Net operating loss/ (income) from other activities	(21,041,235,529)	42,506,585,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

28. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	<i>VND</i>	<i>VND</i>
Insurance operation		
Salaries and other staff costs	671,317,824,960	568,315,442,464
Materials and office supplies	95,237,980,007	86,886,308,071
Depreciation expenses	75,090,288,126	68,430,294,573
Taxes and fees expenses	9,586,215,929	12,192,176,478
Expenses for external service	330,193,258,738	218,570,813,558
Provision expenses	35,221,626,420	17,680,420,217
Other expenses	484,890,668,106	350,781,363,699
	<u>1,701,537,862,286</u>	<u>1,322,856,819,060</u>
Banking operation		
Salaries and other staff costs	92,399,150,773	62,209,575,963
Materials and office supplies	8,652,907,885	5,656,293,280
Depreciation expenses	24,634,601,027	14,431,718,993
Taxes and fees expenses	834,517,940	1,978,747,774
Expenses for external service	67,688,563,938	40,727,012,454
Other expenses	22,648,091,811	10,809,352,522
	<u>216,857,833,374</u>	<u>135,812,700,986</u>
Other operations of the Group		
Salaries and other staff costs	97,867,381,947	96,485,164,826
Materials and office supplies	5,436,964,541	9,070,666,532
Depreciation expenses	29,970,766,797	36,069,399,749
Taxes and fees expenses	3,960,839,547	1,914,388,743
Expenses for external service	46,676,661,604	72,810,164,215
Provision expenses	1,676,796,499	11,121,428,699
Other expenses	32,177,824,109	28,881,284,191
	<u>217,767,235,044</u>	<u>256,352,496,955</u>
	<u>2,136,162,930,704</u>	<u>1,715,022,017,001</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

29. FINANCIAL ACTIVITIES

29.1 Financial income

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Interest from term deposits	1,456,292,152,817	1,211,368,110,504
Interest from investments in bonds and treasury bills	1,259,904,215,910	1,293,359,008,812
Loan interest	151,317,180,675	138,779,643,025
Dividend income	92,034,690,927	174,649,771,720
Gains from foreign exchange rate difference	40,785,039,660	85,197,278,558
Gain from securities trading	151,017,272,935	202,266,719,820
Other financial income	44,281,976,559	2,200,325,239
	<u>3,195,632,529,483</u>	<u>3,107,820,857,678</u>

29.2 Financial expenses

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Dividend reserves	139,851,398,754	117,599,952,203
Exchange rate difference	26,448,129,333	81,604,113,636
Loan interest expenses	272,331,200,639	188,219,664,922
Dividend paid to policyholders	224,458,632,779	165,930,761,116
Loss from trading securities	341,530,163,588	356,479,792,648
Financial provision expenses	637,997,032,668	498,821,465,099
Other financial expenses	85,439,102,238	66,777,853,343
	<u>1,728,055,659,999</u>	<u>1,475,433,602,967</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

30. NET OTHER PROFIT

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Other income		
Proceeds on disposal of assets	1,611,357,465	1,255,104,284
Collection of bad debts	10,190,700	77,364,151
Other income	11,897,025,661	22,338,694,960
	<u>13,518,573,826</u>	<u>23,671,163,395</u>
Other expenses		
Expenses on disposal of assets	(98,062,656)	(60,116,749)
Others	(26,234,532,419)	(1,715,494,316)
	<u>(26,332,595,075)</u>	<u>(1,775,611,065)</u>
Net other loss/(profit)	<u>(12,814,021,249)</u>	<u>21,895,552,330</u>

31. RELATED PARTIES TRANSACTIONS

During the normal course of operations, the Holdings engages in transactions with entities to which it is related through equity participation. As set out below, the Holdings and the related entities with which it trades, are linked either through the investor/investee relationship, or share a common investor and thus are a part of the same corporate Holdings.

Related parties of the Holdings as at and for the year ended 31 December 2011 include:

<i>Related parties</i>	<i>Relationship</i>
Ministry of Finance	Shareholder
HSBC Insurance (Asia Pacific) Holdings Limited	Shareholder
State Capital Investment Corporation (SCIC)	Shareholder
Bao Viet-SCIC Investment Limited Company ("BV-SCIC")	Joint Venture
Bao Viet Tokio Marine Insurance Joint Venture	Joint Venture
Long Viet Investment and Construction JSC ("Long Viet JSC")	Associate
Baoviet Tourism Hotel JSC ("Bao Viet Resort JSC")	Associate
International Investment and Construction JSC ("VIGIBA")	Associate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

31. **RELATED PARTIES TRANSACTIONS** (continued)

Significant related party transactions during the year are given below:

<i>Related parties</i>	<i>Transactions</i>	<i>For the year ended 31 December 2011 VND</i>
Ministry of Finance	2010 dividend payment Transfer to increase chartered capital	579,011,760,000 458,517,600,000
HSBC Insurance (Asia Pacific) Holdings Limited	Expenses related to Technical Support and Capability Transfer Agreement 2010 dividend payment Transfer to increase chartered capital	10,348,404,760 147,010,909,200 116,417,472,000
SCIC	2010 dividend payment Transfer to increase chartered capital	26,585,280,000 21,052,800,000
VIGEBBA	2011 dividend paid to the Holdings 2010 dividend advance to the Holdings	5,400,000,000 54,000,000,000
Bao Viet Resort JSC	Additional capital contribution by the Holdings	4,500,000,000
Long Viet JSC	Dividend paid to the Holdings	3,823,713,665
Bao Viet-Tokio Marine	Dividend paid to the Holdings	31,145,534,103

Remuneration of members of the Board of Directors and the CEO of the Holdings:

	<i>For the year ended 31 December 2011 VND</i>	<i>For the year ended 31 December 2010 VND</i>
Remuneration of members of the Board of Directors and the CEO of the Holdings	1,560,000,000	1,449,600,000
	<u>1,560,000,000</u>	<u>1,449,600,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

32. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts is calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Holdings by the weighted average number of ordinary share outstanding during the period.

The following reflects the income and share data used in the basic earnings per share computation.

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	<i>VND</i>	<i>VND</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	1,202,953,265,995	1,005,524,123,042
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share (*)	680,471,434	637,613,002
EPS	1,768	1,577

The Holdings issued additional shares to existing shareholders to increase its charter capital in January 2011. The number of shares issued was 53,762,355, which increased the number of the Holdings' issued shares to 680,471,434 on 14 January 2011. However, the final date for exercising rights to purchase these shares had been 29 September 2010. Therefore, for the purpose of EPS calculation, the total number of 680,471,434 shares was considered the weighted average number of ordinary shares for the whole year 2011 and which of 2010 was also adjusted to reflect the additional shares for the period from 29 September 2010 to 31 December 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011**33. SEGMENT INFORMATION**

The primary segment reporting format is determined to be business segments as the Holdings' risks and rates of return are affected predominantly by differences in the products and services rendered. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit offering different products and serves different markets. Accordingly, the Holdings' management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Holdings is organised into business units based on their products and services, and has five reportable Business segments as follows:

- ▶ The life insurance segment offers a wide range of Whole Life, Pure Endowment, Term Life, Endowment, Annuity, Universal life, Bancassurance, Healthcare and personal accident riders, other types of life insurance, reinsurance assumed and ceded in life, healthcare insurance and personal accident.¹
- ▶ Non-life insurance services include health and personal accident insurance, property insurance, cargo insurance, hull - P&I insurance, general indemnity insurance, aviation insurance, automobile insurance, fire & special risk insurance, agriculture insurance and others; assuming and ceding reinsurance for all types of non-life insurance.
- ▶ Financial services such as fund management, investment portfolio management, security brokerage and trading, investment consulting, etc. The investment management segment also provides investment management services to policyholders through the investment management services in Bao Viet Fund Management Company (BVF). The security brokerage, securities underwriting and issuance agency, securities trading, custody, investment and financial consulting services are provided by Bao Viet Security Joint Stock Company (BVSC).
- ▶ Banking services: Including the provision of various banking services such as handling individual customer deposit, deposit and current account for corporate and institutional customers and providing consumer loan, overdraft, credit card facilities and fund transfer facilities through Bao Viet Commercial Joint Stock Bank.
- ▶ Real estate operation and other activities: includes the provision of rental and related services at the Bao Viet Building 8 Le Thai To, Hoan Kiem, Ha Noi and 71 Ngo Sy Lien, Dong Da, Hanoi and other places... In addition, the Holdings is in the progress of developing other real estate projects such as Bao Viet Life Building in Hanoi, project in Ho Chi Minh City and other real estate projects around the countries.

¹ Currently, the Holdings has not yet provided life reinsurance services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

33. SEGMENT INFORMATION (continued)

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment result include transfers between business segments. Those transfers are eliminated in preparation of consolidated financial statements.

Geographical segments

These consolidated financial statements do not include information on geographical segments of Bao Viet Holdings that is engaged in providing products or services within the same economic environment and that is subject to similar risks and returns.

Business segments

The following tables present revenue and profit information regarding the Holdings' business segments for the year ended 31 December 2011 and for the year ended 31 December 2010, respectively:

Bao Viet Holdings

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 201

33. SEGMENT INFORMATION (continued)

The following table presents operating result of the Holdings' operating segments for the year ended 31 December 2011:

For the year ended 31 December 2011	Unit: Million VND					Total
	Life insurance services	General insurance services	Financial services	Banking services	Real-estate operations and other activities	
Gross written premium	4,494,467	4,877,260	-	-	-	9,371,727
Reinsurance premium assumed	-	229,277	-	-	-	229,277
Deductions	(6,668)	(1,260,331)	-	-	-	(1,266,999)
(Increase)/decrease in unearned premium reserve and mathematical reserve	(312,328)	(228,451)	-	-	-	(540,779)
Commissions on reinsurance ceded	-	192,558	-	-	-	192,558
Other income from insurance activities	-	14,226	-	-	-	14,226
Total operating revenues	4,175,471	3,824,539	-	-	-	8,000,010
Claim and maturity payment expenses	(3,302,832)	(2,472,487)	-	-	-	(5,775,319)
Claim expenses for reinsurance assumed	-	(76,879)	-	-	-	(76,879)
Deductions	-	715,682	-	-	-	715,682
Claim expenses using catastrophe reserve	-	188,000	-	-	-	188,000
(Increase)/ decrease in claims reserve	(13,842)	(3,547)	-	-	-	(17,389)
Provision for catastrophe reserve	-	(134,617)	-	-	-	(134,617)
Other operating expenses	(424,257)	(719,769)	-	-	-	(1,144,026)
Total direct expenses for insurance activity	(3,740,931)	(2,503,617)	-	-	-	(6,244,548)
Gross operating profit	434,540	1,320,922	-	-	-	1,755,462
Net profit from banking activities	-	-	-	394,005	-	394,005
Net profit from other activities	-	-	73,814	-	5,724	79,538
Selling expenses	(240,472)	-	-	-	-	(240,472)
General administration expenses	(534,670)	(1,192,258)	(221,380)	(240,324)	(11,749)	(2,136,163)
Finance profit	938,029	310,969	821,587	-	24,973	1,467,577
Other income	5,855	4,479	(23,638)	435	55	(12,814)
Profit in associates and joint venture	-	-	-	-	-	60,665
Profit before tax	603,282	444,112	650,383	154,116	19,003	1,520,698

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 201

33. SEGMENT INFORMATION (continued)

The following table presents operating results of the Holdings' operating segments for the year ended 31 December 2010:

	Life insurance services	General insurance services	Financial services	Banking services	Real-estate operations and other activities	Adjustments and eliminations	Total
For the year ended 31 December 2010 (restated)							
							<i>Unit: Million VND</i>
Gross written premium	4,045,845	4,199,269	-	-	-	-	8,245,114
Reinsurance premium assumed	-	186,624	-	-	-	-	186,624
Deductions	(8,403)	(1,143,631)	-	-	-	-	(1,152,034)
(Increase)/decrease in unearned premium reserve and mathematical reserve	(804,325)	(221,962)	-	-	-	-	(1,026,287)
Commissions on reinsurance ceded	-	183,299	-	-	-	-	183,299
Other income from insurance activities	-	6,256	-	-	-	-	6,256
Total operating revenues	3,233,117	3,209,855	-	-	-	-	6,442,972
Claim and maturity payment expenses	(2,879,287)	(1,751,633)	-	-	-	-	(4,630,920)
Claim expenses for reinsurance assumed	-	(51,747)	-	-	-	-	(51,747)
Deductions	-	391,909	-	-	-	-	391,909
Claim expenses using catastrophe reserve	-	-	-	-	-	-	-
(Increase)/ decrease in claims reserve	1,835	(67,220)	-	-	-	-	(65,385)
Provision for catastrophe reserve	-	(113,440)	-	-	-	-	(113,440)
Other operating expenses	(380,273)	(608,062)	-	-	-	-	(988,335)
Total direct expenses for insurance activity	(3,257,725)	(2,200,193)	-	-	-	-	(5,457,918)
Gross operating profit	(24,608)	1,009,662	-	-	-	-	985,054
Net profit from banking activities	-	-	-	325,856	-	92,776	418,632
Net profit from other activities	-	-	98,242	-	9,304	(65,039)	42,507
Selling expenses	(142,184)	-	-	-	(653)	-	(142,837)
General administration expenses	(405,450)	(921,144)	(262,625)	(148,655)	(9,580)	32,432	(1,715,022)
Finance profit	1,173,794	240,950	937,087	-	1,910	(721,354)	1,632,387
Other income	5,316	5,420	11,603	523	36	(1,003)	21,895
Profit in associates and joint venture	1,411	-	-	-	-	52,298	53,709
Profit before tax	608,279	334,888	784,307	177,724	1,017	(609,890)	1,296,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

33. SEGMENT INFORMATION (continued)

The following table presents financial position of the Holdings' operating segments as at 31 December 2011:

As at 31 December 2011	Life insurance services	General insurance services	Financial services	Banking services	Real -estate operations and other activities	Adjustments and eliminations	Total
<i>Unit: Million VND</i>							
ASSETS							
Cash and cash equivalents	519,092	115,401	3,326,772	3,278,437	38,327	(1,798,206)	5,479,823
Receivables from reinsurance	-	1,135,555	-	-	-	-	1,135,555
Receivables from insurance	33,073	603,470	-	-	-	-	636,543
Other receivables	1,116,247	185,932	1,412,369	472,349	168,843	(1,496,789)	1,858,951
Financial investments	17,388,588	3,360,504	9,318,443	2,750,195	95,000	(7,456,646)	25,456,084
Tangible fixed assets	204,430	187,400	410,436	51,708	43,092	-	897,066
Intangible fixed assets	297,191	387,560	78,165	32,540	14,640	-	810,096
Loans to customers	-	-	-	6,594,633	-	1,429	6,596,062
Other assets	243,553	278,832	96,633	43,669	105,989	(57,548)	711,128
TOTAL ASSETS	19,802,174	6,254,654	14,642,818	13,223,531	465,891	(10,807,760)	43,581,308
LIABILITIES							
Short-term liabilities	1,988,947	1,235,695	1,605,393	4,693,121	87,012	(5,713,151)	3,897,017
Customer deposits	-	-	-	6,859,199	-	90,295	6,949,494
Long-term liabilities	32,659	5,303	21,425	-	30	19,345	78,762
Insurance technical reserves	16,206,994	3,467,855	-	-	-	-	19,674,849
TOTAL LIABILITIES	18,228,600	4,708,853	1,626,818	11,552,320	87,042	(5,603,511)	30,600,122
OWNERS' EQUITY	1,573,574	1,545,801	13,016,000	1,671,211	378,849	(6,519,911)	11,665,524
MINORITY INTERESTS	-	-	-	-	-	1,315,662	1,315,662
TOTAL LIABILITIES AND OWNERS' EQUITY	19,802,174	6,254,654	14,642,818	13,223,531	465,891	(10,807,760)	43,581,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 201

33. SEGMENT INFORMATION (continued)

The following table presents financial position of the Holdings' operating segments as at 31 December 2010:

As at 31 December 2010 (restated)	Life insurance services	General insurance services	Financial services	Banking services	Real -estate operations and other activities	Adjustments and eliminations	Total	Unit: Million VND	
ASSETS									
Cash and cash equivalents	172,981	86,399	1,271,228	3,499,094	8,673	806,332	5,844,707		
Receivables from reinsurance	-	916,319	-	-	-	-	916,319		
Receivables from insurance	32,361	470,588	-	-	-	-	502,949		
Other receivables	991,711	108,468	1,424,314	545,477	60,365	(1,316,952)	1,813,383		
Financial Investments	18,733,655	3,457,435	12,097,432	3,653,044	39,968	(10,412,606)	27,568,928		
Tangible fixed assets	155,192	185,972	464,027	39,156	43,430	-	887,777		
Intangible fixed assets	210,517	398,926	44,186	41,621	14,640	-	709,890		
Loans to customers	-	-	-	5,889,067	-	-	5,889,067		
Other assets	307,638	102,181	75,032	53,558	94,263	24,156	656,828		
TOTAL ASSETS	20,604,055	5,726,288	15,376,219	13,721,017	261,339	(10,899,070)	44,789,848		
LIABILITIES									
Short-term liabilities	3,253,647	1,053,920	2,752,978	1,761,200	96,010	(2,691,363)	6,226,392		
Customer deposits	-	-	-	10,311,172	-	(2,713,333)	7,597,839		
Long-term liabilities	27,654	11,763	21,331	-	-	20,080	80,828		
Insurance technical reserves	15,735,105	3,103,155	-	-	-	-	18,838,260		
TOTAL LIABILITIES	19,016,406	4,168,838	2,774,309	12,072,372	96,010	(5,384,616)	32,743,319		
OWNERS' EQUITY	1,587,649	1,557,450	12,601,910	1,648,645	165,329	(6,863,197)	10,697,786		
MINORITY INTERESTS	-	-	-	-	-	1,348,743	1,348,743		
TOTAL LIABILITIES AND OWNERS' EQUITY	20,604,055	5,726,288	15,376,219	13,721,017	261,339	(10,899,070)	44,789,848		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

34. COMMITMENT UNDER OPERATING LEASES

The minimum lease payments under non-cancellable leases of offices are as follows:

	31 December 2011 VND	31 December 2010 VND
Total lease payments under non-cancellable operating lease contracts which fall due:		
Within one year	121,617,641,389	39,150,040,652
From one to five years	310,124,904,246	153,566,642,631
Above five years	17,174,185,403	56,782,451,578
	<u>448,916,731,038</u>	<u>249,499,134,861</u>

35. CONTINGENT LIABILITIES

Outstanding dispute, litigations

As at 31 December 2011, Bao Viet Insurance, the Group's subsidiary operating in insurance industry, has on-going disputes or litigations with its customers for claims lodged by the customers which, Bao Viet Insurance either does not accept, or only partially accepts. The total outstanding claims lodged by the customers relating to these on-going disputes or litigations were VND 73,416,680,060. However, after deducting the claim recovery from reinsurer company, the estimate claims of Bao Viet Insurance were VND 27,722,243,060. The final outcome of these disputes or litigation can only be finalized upon the issuance of the verdict by an arbitrator, or by a court of law. Accordingly, Bao Viet Insurance has not created any provision in respect of these claims in the financial statements.

Foreign contractor withholding tax

Bao Viet Insurance has not provided for the potential foreign contractor withholding taxes from the offshore payments of reinsurance premiums ceded to overseas reinsurers for the period from 1 Jan 2005 to 31 December 2008 as this was based on the practice of the insurance industry as well as the tax finalisation results in previous years. According to official letter No. 8667/BTC-TCT dated 6 July 2010 by Ministry of Finance, reinsurance premium ceded to overseas reinsurers who are from countries which have Double Taxation Agreement with Vietnam would be exempted from Foreign Contractor Withholding Taxes (FCWT). For the period from 2005 to 2008, the estimated FCWT on the reinsurance premium ceded to overseas reinsurers who are not from countries which have Double Taxation Agreement with Viet Nam is VND 1,472 million. For reinsurance premium ceded to overseas reinsurers who are from countries which have Double Taxation Agreement with Viet Nam, the estimated FCWT amount is VND 33,620 million. Bao Viet Insurance is carrying the procedure to finalise those tax liabilities.

For the year 2009, 2010 and 2011, Bao Viet Insurance only accounted for the FCWT on reinsurance premiums ceded to overseas reinsurers from countries without Double Tax Treaty with Vietnam or from countries with Double Tax Treaty with Vietnam but the reinsurers have not submitted adequate supporting documents. The FCWT amount that Bao Viet Insurance has not withheld is estimated at VND 11,824,602,985.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

35. CONTINGENT LIABILITIES (continued)

Guarantee payment

In its normal business, BVSC, the subsidiary of the Group operating in securities operations, has co-operated with other commercial banks in lending investors to purchase trading securities. In accordance with cooperation contracts, the investors used the loans to pay for securities bought in the stock exchanges. At the same time, BVSC manages the investors' collateral assets including their cash at bank and investment portfolios in their accounts maintained at BVSC. BVSC is entitled to a management fee for this service. In case the investors cannot fulfil their repayment obligations, banks reserve their right to ask BVSC to make payments on behalf of its investors.

Details of the loans to investors of which BVSC has been managing collaterals and have committed to make payments on their behalf in case of default at 31 December 2011 are as follows:

	<i>31 December 2011</i> VND
Military Commercial Joint Stock Bank	<u>127,295,720,000</u>
Total	<u>127,295,720,000</u>

VAT

In 2011, BVSC has not computed and filed value added tax (VAT) for other cooperative investments (margin) for the first 7 months. Because there is no officially conclusive documentation about whether the joint investment activities (margin) shall be taxed or not, BVSC has not made any provision for the potential tax expenses for the first 7 months of 2011. The potential amount could be taxed is VND 1,918,554,439.

Guarantees, letters of credit and other commitments of Baoviet Bank

In the normal course of business, Baoviet Bank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk in excess of the amounts recognized in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

35. CONTINGENT LIABILITIES (continued)

Guarantees, letters of credit and other commitments of Baoviet Bank (continued)

Financial guarantees are conditional commitments issued by Baoviet Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

Commercial at sight letters of credit represent a financing transaction by Baoviet Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred payment letters of credit that were default by clients are recognized by Baoviet Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of Baoviet Bank to pay the beneficiaries and to fulfill the guarantor obligation.

Baoviet Bank requires margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by Baoviet Bank.

The outstanding commitments and contingent liabilities as at 31 December are as follows:

	<i>31 December 2011</i>	<i>31 December 2010</i>
	<i>VND</i>	<i>VND</i>
Financial letters of guarantee	-	-
At sight letters of credit	65,836,555,555	234,468,403,536
Deferred payment letters of credit	-	-
Other commitments	74,479,974,707	81,382,221,188
	<u>140,316,530,262</u>	<u>315,850,624,724</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

36. RISK MANAGEMENT FRAMEWORK

36.1 Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives. The Board of Directors and Management recognise the importance of having efficient and effective risk management systems in place.

The Group has established the Risk Management Committee at the Holdings and subsidiaries and continues to improve the Risk Management framework following the agreed terms of reference from the Board of Directors. This is supplemented by a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to the Board of Management and other senior managers. A policy framework has been developed and implemented which sets out the risk profiles for the Group, risk management, controls and business conduct standards for the Group's operations.

36.2 Risk management strategies, policies for management of insurance risk

The insurance activity carried out by the Group is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Insurance events are random, and the actual number of events during any one year may vary from those estimated using established statistical techniques.

The Group manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues.

From 2010 onward, the Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

36. RISK MANAGEMENT FRAMEWORK (continued)

36.2 Risk management strategies, policies for management of insurance risk (continued)

36.2.1 Underwriting strategy

The Group's underwriting strategy seeks diversity to ensure a balanced mix of business portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

36.2.2 Reinsurance strategy

The general insurance subsidiary reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital. These reinsurance agreements transfer part of the risk and limit the exposure, through treaty and facultative reinsurance arrangements. The retained amount depends on financial capability and the Group's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Ceded reinsurance contains credit risk, and to minimise such risk, only those reinsurers meeting rating standards in accordance with regulation, either assessed from public rating information or internally investigations, will be used.

36.3 Risk management strategy, policies for management of financial risk

36.3.1 Capital management

The primary capital management objectives of the Group and major subsidiaries are to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. The Group and major subsidiaries recognize the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance. The Group and regulated subsidiaries have met all of the capital requirements throughout the year 2011.

Regulatory capital requirements arise from the operations of the Group and major subsidiaries in Vietnam and require the Group and major subsidiaries to hold assets sufficient to cover liabilities and satisfy the solvency capital rule in Vietnam. The principal solvency requirements that apply to the Group and major subsidiaries are those set out in respective Decisions and Circulars issued by the Ministry of Finance and the State Bank of Vietnam.

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance subsidiaries are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the insurance subsidiaries maintain appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters. The tables below summarise the minimum regulatory solvency margin for the insurance subsidiaries of the Group and the solvency capital held against each of them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

36. RISK MANAGEMENT FRAMEWORK (continued)

36.3 Risk management strategy, policies for management of financial risk (continued)

36.3.1 Capital management (continued)

	<i>Solvency capital (in million VND)</i>	<i>Minimum solvency margin (in million VND)</i>	<i>Solvency margin ratio</i>
Bao Viet Insurance			
31 December 2011	1,141,581	961,551	119%
31 December 2010	1,225,016	810,285	151%
Bao Viet Life			
31 December 2011	1,084,127	811,620	134%
31 December 2010	1,134,143	759,706	149%

The solvency ratio of the insurance subsidiaries, an indicator of the overall solvency position of the relevant insurance operations, is calculated based on the relevant regulations.

For Bao Viet Bank, liquidity risks are controlled and managed through management instruments for liquidity risks such as GAP analysis report, Maximum Cumulative Outflow (MCO) and Contingency Funding Plan such as holding a high proportion of assets as prime quality financial instruments, a large base of cash and near-cash assets in the form of Nostro accounts, balances with the State Bank of Vietnam, placements with other banks and valuable papers. The risk-weighted ratios were also used to manage the Bank's liquidity. The Bank frequently assesses its interest rate gaps, compares them with those in domestic and international markets, and then applies appropriate adjustments timely. In addition, the effective implementation of a number of the Bank's internal risk management procedures has been enhanced by the deployment of the Centralized Capital Management and the Centralized Payment System, in which the Bank's capital and payment transactions are solely performed by the Head Office. This helps monitoring the Bank's funds movements more effectively and efficiently and reduces possible errors and unnecessarily complexities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

36. RISK MANAGEMENT FRAMEWORK (continued)

36.4 Asset/liability managements

Asset liability management (ALM) is a critical element of the risk management process which considers all sources of risk to a financial institution, ALM is the practice of managing a business so that decisions and actions taken with respect to assets and liabilities are coordinated, which can be defined as:

“The ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve the Group’s financial objectives, given the Group’s risk tolerances and other constraints”.

ALM is relevant to, and critical for, the sound management of the finance of the Group that invests to meet its future cash flow needs and capital requirements.

They are cash flow analysis and comparison of liability and asset duration. The cash flow analysis aims at providing the future cash position of the Group.

The liability duration is calculated by time weighted average of future cash flows without taking into account the return on investment.

An Asset and Liabilities Committee (“ALCO”) has been established from the beginning of 2010 by the Group and major subsidiaries which will be responsible for the review and control of the investment strategy to match it with the Group liabilities and solvency position.

The Group actively manages its assets using an approach that considers the strategy, asset/credit quality, diversification, asset/liability matching, liquidity and duration management to achieve target investment return. The goal of the investment process is to achieve the target level of investment return with minimum volatility. The Risk Management Committee (“RMC”) reviews and recommends investment plans on a periodic basis, establishes investment guidelines and limits, and provides oversight of the asset/liability management process.

The Group has established target asset portfolios for each major product category for its insurance and non-insurance business. The investment strategy and asset allocations consider yield, duration, sensitivity, market risk, volatility, liquidity, asset concentration, foreign exchange and credit quality. The estimates and assumptions used in determining the approximate amounts and timing of payments to or on behalf of policyholders for insurance liabilities are regularly re-evaluated. Many of these estimates and assumptions are inherently subjective and could impact the Group’s ability to achieve its asset/liability management goals and objectives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

37.1 Insurance risk

37.1.1 Life insurance contracts - traditional products

Product features - The basic feature of long-term traditional insurance business is to provide guaranteed death benefit determined at the time of policy issue. For insurance products with a savings element, guaranteed surrender and maturity benefits are usually provided. For some products, the waiver of premium ("WP") benefit is provided when the policyholder (for juvenile product) dies or is in Total and Permanent Disability ("TPD") status or when life insured is in TPD status. The TPD benefit is also paid in case the life insured is in TPD status for juvenile products.

Traditional products which include discretionary participating features allow policyholders to participate in the profits of the life fund. These plans offer a discretionary annual bonus in the form of an accumulated cash dividend at the end of financial year and payable to the policyholder at the policy anniversary date after every five years.

The principles upon which the distribution of profits among the policyholders is made are:

- (i) To recognise the financial condition of BV Life;
- (ii) To take into consideration the reasonable expectation of policyholders; and
- (iii) To balance the interests between the shareholders and policyholders.

Management of risks - The life insurance subsidiary (Bao Viet Life) has complete contractual discretion on the bonuses declared. In practice the life insurance subsidiary considers policyholders' reasonable expectations when setting bonus levels. It is the intention of the life insurance subsidiary to maintain a smooth dividend scale based on the long-term rate of return. Annual reviews are performed to confirm whether the current dividend scale is supportable taking into account the overall experience on investments, claims, operating expenses and lapses.

Investment risks are managed through matching assets and liabilities. Investment strategies are set based on the intention of providing sufficient investment return to satisfy policyholders' reasonable expectations. Mortality risks are managed through proper underwriting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.1 Insurance risk (continued)

37.1.2 Life insurance contracts – universal life products

Product features - The life insurance subsidiary writes universal life insurance policies, which provide policyholders with life insurance protection and investment in the universal life fund. The life insurance subsidiary is selling two universal life products: endowment universal life product which has insurance term of 15, 20 or 25 years, and whole life universal life product.

The universal life products provide guaranteed death benefit which is the greater of the Policy Account Value ("PAV") and the Increasing Sum Insured or the sum of Policy Account Value and Increasing Sum Insured according to the choice of policyholders, and maturity benefit as policy's PAV. These products offer guarantee on death, surrender and maturity where the crediting rate on the accounts will not be less than 5%.

Premiums received are deposited into the life insurance subsidiary's universal life fund after the deduction of premium allocation charges. Other fees and charges including the cost of insurance, administration and investment management fee are deducted from the funds accumulated.

37.1.3 Assumptions, changes in assumptions

Process used to determine assumptions

The process used to determine the assumptions is intended to result in stable and prudent estimates of future outcome. This is achieved by adopting relatively conservative assumptions which can withstand a reasonable range of fluctuation of actual experience. Annual review of the relevant experience is performed to ensure margin exists between the assumptions adopted and the most likely estimates of future outcome. The assumptions that are considered include the probability of claims and investment returns.

For traditional life product, the policy reserve is generally calculated on a modified net premium basis, modified net premium basis with Zillmer adjustment or modified gross premium basis. The net premium is the level of premium payable over the premium payment period whose discounted value at the outset of the policy would be sufficient to exactly cover the discounted value of the original guaranteed benefits at maturity or at death if earlier. The policy reserve is then calculated by subtracting the present value of future modified net premiums from the present value of the benefits guaranteed at maturity or death up to the consolidated statement of financial position date. Negative provisions would not be allowed. The modified net premium basis makes no allowance for voluntary discontinuance by policyholders as this would generally result in a reduced level of policy reserve. Under the modified gross premium method, the office premium will be used in the calculation of reserve. No allowance made for voluntary discontinuance by policyholders as this is complied with the Vietnamese insurance regulation.

For universal life, the policy reserve is determined as the policy account value of all in-force policies with an additional provision for the unexpired insurance risk and reserve for loyalty bonus.

For risk riders, unearned premium reserve is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.1 Insurance risk (continued)

37.1.3 Assumptions, changes in assumptions (continued)

Assumptions

The principal assumptions underlying the calculation of the long-term business provision are:

(i) Mortality

The mortality tables used in reserving are based on the filed actuarial basis which is consistent with the local statutory requirement. The mortality table CSO 1980 is used.

(ii) Morbidity

The morbidity incidences rates used in reserving are based on the filed actuarial basis. The morbidity incidence rates, which mainly cover major illness and disability, are generally derived from total paid benefit payment and average annualized premium.

(iii) Valuation interest rate

BV Life used the same valuation rates for traditional product: 5.5% for participating products and 2.25% for non participating products.

37.1.4 General insurance contracts

The process used to determine the assumptions is intended to result in estimates of the most likely outcome. The sources of data used as inputs for the assumptions are internal, based on detailed studies that are carried out regularly. The assumptions are checked to ensure that they are consistent with other observable information. There is more emphasis on current trends, and where there is insufficient historical information, prudent assumptions are used.

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.1 Insurance risk (continued)

37.1.4 General insurance contracts (continued)

The key method is based on Circular No.156/2007/TT-BTC dated 20 December 2007 and Circular No.86/2009/TT-BTC dated 28 April 2009 modifying some clauses of Circular No.156 issued by the Ministry of Finance. Details of such reserving methodologies are as follows:

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

- ▶ Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, in accordance to the Circular No.156/2007/TT-BTC; and
- ▶ Reserve for incurred but not reported claims for which the insurer is liable (IBNR).

The non-life insurance subsidiary (Bao Viet Insurance) is calculating the reserve for incurred but not reported claims based on the following formula:

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

Bao Viet Insurance issues general insurance contracts such as cargo, hull, aviation, engineering, fire, health and personal accident, general indemnity and automobile. Risks under general insurance contracts usually cover twelve month duration.

For general insurance contracts the most significant risks arise from climate changes and natural disasters. Vietnam has suffered heavily from catastrophes loss such as tropical typhoon, river flood, flash flood, heavy rain and landslide. It is expected that tropical typhoon will affect Vietnam regularly with the high severity and insured losses. In view of the exposures, Bao Viet Insurance has arranged the reinsurance protection for the fire, engineering, motor, marine hull & cargo, fishing vessels portfolios against the catastrophe events to minimize the risks.

For longer tail claims that take over a year to settle; there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the general insurance, type of risk insured and by industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.1 Insurance risk (continued)

37.1.4 General insurance contracts (continued)

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the general insurance. The general insurance further enforces a policy of activity managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

Bao Viet Insurance has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. typhoon and flood damages).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the general insurance's risk appetite as decided by management. The management may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

37.2 Financial risk

Transactions in financial instruments may result in the Group assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

37.2.1 Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices and foreign currency exchange rates.

37.2.1.a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rate is concentrated in its investment portfolio. The fixed maturity investments account for a significant portion of the investments holding which is principally managed to match expected liability payments. The Group monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance reserves, are modelled and reviewed regularly. The overall objective of the investment strategy is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

For participating products in life business, interest rate risk related to traditional policies can also be mitigated through sharing of returns with policyholders under the discretionary participation mechanism.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.2 Financial risk (continued)

37.2.1 Market risk (continued)

37.2.1.b Equity price risk

The portfolio of marketable equity investments, which the Group carries on the statement of financial position at fair value, has exposure to price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

The Group's objective is to earn competitive relative returns by investing in a diversified portfolio of high quality and liquid equity investments. Portfolio characteristics are analysed regularly and equity price risk is regularly reviewed. The Group's investment portfolios are diversified across industries, and concentrations in industry are limited by parameters established by senior management.

At the reporting date, the exposure to listed equity securities at fair value was VND 1,877,266,365,412. A decrease of 10% on the stock market index could have an impact of approximately VND (57,730,943,178) on the Group's profit after tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Group's profit after tax by VND 53,202,230,693.

37.2.1.c Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between VND and other currencies in which the Group conducts business may affect its financial condition and results of operations. The foreign current risk facing the Group mainly comes from movements in the USD/VND exchange rates. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

For BaoViet Bank, the Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within established limits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.2 Financial risk (continued)

37.2.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's portfolio of fixed maturity investments (included its deposit arrangement with commercial banks) is subject to credit risk. The Group's objective is to earn competitive relative returns by investing in a diversified portfolio of investments. Management has a credit policy in place. Limits are established to manage credit quality and concentration risk. The credit risk associated with securities purchased under agreement to resell will not cause a material impact on the Group's consolidated financial statements taking into consideration their collaterals held and a maturity term of no more than one year as at 31 December 2011.

The Group also has insurance and reinsurance receivables, loans and advances to customers and other receivable amounts subject to credit risk. The most significant of these are reinsurance recoveries. To mitigate the risk of the counterparties not paying the amount due, the Group has established certain business and financial guidelines for reinsurer approval, incorporating ratings by major agencies and considering currently available market information. The Group also periodically reviews the financial stability of reinsurers from public and other sources and the settlement trend of amounts due from reinsurers.

The Group's banking business carries out credit assessment before granting credit to customers and monitors the credit granted on a regular basis. Credit risk is also managed through obtaining collaterals and guarantees. In the case of off-Consolidated statement of financial position credit related commitments, guarantee deposits are in general received by the Group to reduce credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.2 Financial risk (continued)

37.2.2 Credit risk (continued)

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2011 are as follows:

	Not yet due VND	Past-due but not individually impaired VND	Individually impaired VND	Total VND
31 December 2011				
Investments				
- Bonds	32,230,485,776,379	-	505,718,857,716	32,736,204,634,095
- Term deposit	17,081,211,561,799	-	-	17,081,211,561,799
- Trusted loans	15,149,274,214,580	-	460,400,000,000	15,609,674,214,580
Loans and advances to customers (*)	-	-	45,318,857,716	45,318,857,716
Receivables from investment activities (*)	5,975,188,759,017	492,334,047,014	208,710,207,380	6,676,233,013,411
Receivables from insurance activities (*)	1,282,850,129,522	110,833,333	382,023,704,850	1,664,984,667,705
Reinsurance assets	336,003,814,107	176,058,526,827	141,998,874,524	654,061,215,458
Receivables from advances on surrender value	1,229,603,125,884	-	-	1,229,603,125,884
Receivables from automatic loans	263,298,042,384	-	-	263,298,042,384
Other receivables	9,467,884,285	-	-	9,467,884,285
	91,237,837,606	-	-	91,237,837,606
Total	41,418,135,369,184	668,503,407,174	1,238,451,644,470	43,325,090,420,828

(*): Balances of these items do not include allowances for impairment losses.

Not yet due: financial assets or the loans with interest or principal payments not yet past due and there is no evidence of impairment.

Past due but not individually impaired: financial assets with past due interest and principal payments but the Group believes that these asset are not impaired as they are secured by collaterals and has confidence in the customer's credit worthiness and other credit enhancements.

Individually impaired: debt instruments and loans to customers for which the Group considers that interests and principals are not able to be recovered under the terms of the contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.2 Financial risk (continued)

37.2.2 Credit risk (continued)

Age analysis of financial assets past due but not impaired as at 31 December 2011 is as follows:

	Within 3 months VND	From 3 - 12 months VND	From 1-3 years VND	Total past-due but not impaired VND
31 December 2011				
Loans and advance to customers	370,993,340,714	108,539,700,432	12,801,005,868	492,334,047,014
Receivables from investment activities	110,833,333	-	-	110,833,333
Receivables from insurance activities	33,072,599,748	142,985,927,079	-	176,058,526,827
Total	404,176,773,795	251,525,627,511	12,801,005,868	668,503,407,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.2 Financial risk (continued)

37.2.3 Liquidity risk

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group manages this risk by monitoring and setting an appropriate level of operating funds to settle these liabilities. Investment portfolios are also structured with regard to the liquidity requirement of each underlying fund, and early surrender penalties and market adjustment clauses are used to defray costs of unexpected cash requirements.

Contractual maturity

In respect of the income-earning financial assets, the following table indicates the contractual maturity profile at the end of the reporting period:

	Overdue (VND)	Up to one year (VND)	1-5 years (VND)	Over 5 years (VND)	Undefined maturity (VND)	Total (VND)
31 December 2011						
Financial assets						
Investment	505,718,857,716	5,526,107,521,592	5,506,608,887,667	11,651,814,533,540	2,665,079,997,086	25,855,329,797,601
Listed shares	-	-	-	-	1,877,266,365,419	1,877,266,365,419
Unlisted shares	-	-	-	-	787,813,631,667	787,813,631,667
Bonds	-	1,575,388,740,592	4,606,258,287,667	10,899,564,533,540	-	17,081,211,561,799
Deposit	460,400,000,000	3,950,718,781,000	900,350,600,000	752,250,000,000	-	6,063,719,381,000
Trusted loan	45,318,857,716	-	-	-	-	45,318,857,716
Receivables from investment activities	379,639,402,524	1,285,345,265,181	-	-	-	1,664,984,667,705
Receivables from insurance activities	318,057,401,351	336,003,814,107	-	-	-	654,061,215,458
Reinsurance assets	-	1,229,603,125,884	-	-	-	1,229,603,125,884
Advance to customer	-	58,694,312,636	-	-	-	58,694,312,636
Other receivables	-	91,237,837,606	-	-	-	91,237,837,606
Loans and advances to customers	701,584,967,411	2,722,362,241,989	1,299,340,070,620	1,952,945,733,391	-	6,676,233,013,411
Advance on surrender value	-	780,962,705,056	-	-	-	780,962,705,056
Cash and cash equivalent	-	5,479,823,264,414	-	-	-	5,479,823,264,414
Total	1,905,000,629,002	17,510,140,088,465	6,805,948,958,287	13,604,760,266,931	2,665,079,997,086	42,490,929,939,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

37. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

37.2 Financial risk (continued)

37.2.3 Liquidity risk (continued)

The following table presents the contractual maturities of the Group's non-derivative and derivative financial liabilities (on an undiscounted basis) and estimated timing of cash flows arising from liabilities under insurance contracts (on a discounted basis).

	Overdue (VND)	Up to one year (VND)	1-5 years (VND)	Over 5 years (VND)	Undefined maturity (VND)	Total (VND)
31 December 2011						
Financial liabilities						
Short-term loans and borrowings	-	862,076,552,375	-	-	-	862,076,552,375
Trade payables	-	2,133,872,709,472	-	-	-	2,133,872,709,472
Accrued expenses	-	62,356,742,817	-	-	-	62,356,742,817
Other payables	-	333,656,373,976	-	-	-	333,656,373,976
Customer deposits	-	6,939,358,356,648	10,048,071,144	87,000,000	-	6,949,493,427,792
Total	-	10,331,320,735,288	10,048,071,144	87,000,000	-	10,341,455,806,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

38. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210

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

As Circular 210 only prescribes the presentation of the financial statements and the disclosures of financial instruments, definitions of financial assets and financial liabilities and definitions of related items as disclosed as following are only applicable in this Note. The financial assets and liabilities of the Group are still recognized and accounted for in accordance with Vietnamese Accounting Standards and System and relevant regulatory requirements.

Financial assets

The Group's financial assets within the scope of Circular 210/2009/TT-BTC comprise cash, deposits at other credit institutions, trade receivables and other receivables, loans and listed and unlisted financial instruments.

Financial assets in accordance with Circular 210/2009/TT-BTC are classified, for disclosures in the notes to the financial statements, as one of the below:

▪ ***Financial asset at fair value through profit or loss:***

Financial asset at fair value through profit and loss is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ✓ it is acquired or incurred principally for the purpose of selling or repurchasing it in the short-term;
 - ✓ there is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ it is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

▪ ***Held-to-maturity investments***

Held to maturity investments are non-derivative financial assets with determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

- a) those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) those that the entity designates as available for sale; and
- c) those meet the definition of loans and receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

38. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

▪ ***Loans and receivables:***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) those that the entity upon initial recognition designates as available for sale; or
- c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

▪ ***Available-for-sale financial assets:***

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as:

- a) loans and receivables,
- b) held-to-maturity investments or
- c) financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities of the Group includes borrowings, trade payables and other payables.

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, are classified into either of the followings:

▪ ***Financial liability at fair value through profit or loss:***

Financial liability at fair value through profit and loss is a financial liability that meets either of the following conditions:

- c) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ it is acquired or incurred principally for the purpose of selling or repurchasing it in the short-term;
 - ✓ there is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ it is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- d) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

▪ ***Financial liabilities at amortized cost***

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

38. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements as at 31 December 2011:

	Carrying amount VND	Provision VND	Total VND	Fair value (*) VND
Financial assets				
Available-for-sales financial assets	14,796,258,703,911	(770,481,114,528)	14,025,778,589,383	14,025,778,589,384
Listed-shares	1,227,283,914,571	(646,868,126,073)	580,415,788,498	580,415,788,498
Unlisted-shares	787,813,631,667	(123,612,988,455)	664,200,643,212	664,200,643,213
Bonds	12,781,162,157,673	-	12,781,162,157,673	12,781,162,157,673
Investment designated as financial assets through profit and loss	649,982,450,848	(343,900,868,849)	306,081,581,999	306,081,581,999
Listed-shares	649,982,450,848	(343,900,868,849)	306,081,581,999	306,081,581,999
Bonds	10,409,087,642,842	(296,388,857,714)	10,112,688,785,128	10,112,688,785,128
Short-term deposit	4,300,049,404,126	-	4,300,049,404,126	4,300,049,404,126
Long-term deposit	4,411,118,781,000	(251,079,999,998)	4,160,038,781,002	4,160,038,781,002
Trusted loans	1,652,600,600,000	-	1,652,600,600,000	1,652,600,600,000
Receivables from investment activities	45,318,857,716	(45,318,857,716)	-	-
Receivables from insurance activities	1,664,984,667,705	(297,723,936,824)	1,367,260,730,881	1,367,260,730,881
Receivables from re-insurance activities	654,061,215,458	(90,989,899,415)	563,071,316,043	563,071,316,043
Advance to customers	1,229,603,125,884	-	1,229,603,125,884	1,229,603,125,884
Other receivables	58,694,312,636	-	58,694,312,636	58,694,312,636
Loans & advances to customers	91,237,837,606	(13,432,868,661)	77,804,968,945	77,804,968,945
Advance on surrender value	6,676,233,013,411	(79,495,262,607)	6,596,737,750,804	6,596,737,750,804
Cash and cash equivalent	780,962,705,056	-	780,962,705,056	780,962,705,056
	5,479,823,264,414	-	5,479,823,264,414	5,479,823,264,414
Total	42,490,929,939,772	(1,892,422,808,598)	40,598,507,131,175	40,598,507,131,175

(*) As there is no specific guidance of the Accounting Standards and Accounting System of Vietnam on the determination of fair value, the fair value presented above are the book value minus provision (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

38. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Set out below is a comparison by class of the carrying amounts and fair value of Group's financial instruments that are carried in the financial statements:

	<i>Carrying amount</i> VND	<i>Fair value (*)</i> VND
Financial liabilities		
Loans and borrowings	862,076,552,375	862,076,552,375
Trade payables	2,133,872,709,472	2,133,872,709,472
Accrued expense	6,949,493,427,792	6,949,493,427,792
Other payables	862,076,552,375	862,076,552,375
Customer deposits	<u>2,133,872,709,472</u>	<u>2,133,872,709,472</u>
Total	<u>12,941,391,951,486</u>	<u>12,941,391,951,486</u>

(*) *As there is no specific guidance of the Accounting Standards and Accounting System of Vietnam on the determination of fair value, the fair value presented above are the book values.*

39. COMPARATIVE INFORMATION

In the year 2011, the State Auditors have performed periodic audits on the financial statements of the Holdings and its subsidiaries for the year ended 31 December 2010 according to Decision No. 632/QD-KTNN dated 24 May 2011 by Head of State Audit Office of Vietnam.

Based on the State Auditors' Report, the Group has restated the opening balance of some items in the Balance Sheet and Income Statement for the year ended 31 December 2011 as follow:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. **COMPARATIVE INFORMATION** (continued)

Extract from consolidated Balance Sheet

Currency: VND

ASSETS	Notes	31 December 2010	Adjustment by State audit	31 December 2010 (restated)
A. CURRENT ASSETS		18,279,349,724,769	35,404,874,396	18,314,754,599,165
<i>I. Cash and cash equivalents</i>		<i>5,844,707,147,758</i>	-	<i>5,844,707,147,758</i>
<i>II. Short-term investments</i>		<i>9,032,191,623,735</i>	<i>7,180,273,973</i>	<i>9,039,371,897,708</i>
1. Short-term investments		9,885,894,075,590	-	9,885,894,075,590
2. Provision for impairment of short-term investments	[1]	(853,702,451,855)	7,180,273,973	(846,522,177,882)
<i>III. Accounts receivables</i>		<i>3,206,514,890,912</i>	<i>26,135,807,228</i>	<i>3,232,650,698,140</i>
1. Receivables from insurance activities	[2]	1,453,370,439,126	(9,573,658,869)	1,443,796,780,257
2. Trade advances		51,438,200,967	-	51,438,200,967
3. Other advances		15,004,672,895	-	15,004,672,895
4. Receivables from investment activities	[3]	1,485,851,186,757	28,963,925,082	1,514,815,111,839
5. Other receivables	[4]	272,320,059,245	2,800,218,094	275,120,277,339
6. Provision for doubtful debts	[5]	(71,469,668,078)	3,945,322,921	(67,524,345,157)
<i>IV. Inventories</i>		<i>117,263,182,664</i>	<i>103,319,491</i>	<i>117,366,502,155</i>
<i>V. Other current assets</i>		<i>78,672,879,700</i>	<i>1,985,473,704</i>	<i>80,658,353,404</i>
1. Short-term prepaid expenses		64,122,955,098	1,985,473,704	66,108,428,802
2. Shortage of current assets waiting for resolution		149,740,507	-	149,740,507
3. VAT deductible		1,431,426,197	-	1,431,426,197
4. Tax and other receivables from the State		8,967,622,683	-	8,967,622,683
5. Margin deposits		2,994,243,432	-	2,994,243,432
6. Others		1,006,891,783	-	1,006,891,783
B. LOANS AND ADVANCES TO CUSTOMERS		5,889,067,477,368	-	5,889,067,477,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Extract from consolidated Balance Sheet (continued)

Currency: VND

ASSETS	Notes	31 December 2010	Adjustment by State audit	31 December 2010 (restated)
C. NON-CURRENT ASSETS		20,599,519,961,390	(13,493,998,925)	20,586,025,962,465
<i>I. Fixed assets</i>		1,937,675,150,696	298,680,399	1,937,973,831,095
1. Tangible fixed assets	[6]	888,368,098,875	(590,684,303)	887,777,414,572
Cost		1,502,061,361,597	(1,522,181,141)	1,500,539,180,456
Accumulated depreciation		(613,693,262,722)	931,496,838	(612,761,765,884)
2. Intangible fixed assets		709,672,873,718	216,716,309	709,889,590,027
Cost		792,990,562,889	225,554,722	793,216,117,611
Accumulated depreciation		(83,317,689,171)	(8,838,413)	(83,326,527,584)
3. Construction in progress		339,634,178,103	672,648,393	340,306,826,496
<i>II. Investment Properties</i>		23,448,947,000	-	23,448,947,000
<i>III. Long-term investments</i>		18,543,754,501,476	(14,199,096,396)	18,529,555,405,080
1. Investments in associates and joint-ventures		338,561,803,678	-	338,561,803,678
2. Other long-term investments		18,402,589,538,431	-	18,402,589,538,431
3. Provision for impairment of long-term investments	[7]	(197,396,840,633)	(14,199,096,396)	(211,595,937,029)
<i>IV. Other long-term assets</i>		94,641,362,218	406,417,072	95,047,779,290
1. Long-term prepaid expenses		52,531,464,772	406,417,072	52,937,881,844
2. Deferred tax assets		12,668,907,308	-	12,668,907,308
3. Long-term margin deposits		25,654,827,632	-	25,654,827,632
4. Other long-term assets		3,786,162,506	-	3,786,162,506
TOTAL ASSETS		44,767,937,163,527	21,910,875,471	44,789,848,038,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Extract from consolidated Balance Sheet (continued)

Currency: VND

ASSETS	Notes	31 December 2010	Adjustment by State audit	31 December 2010 (restated)
A. LIABILITIES		32,752,630,760,483	(9,312,548,155)	32,743,318,212,328
i. Current liabilities		6,221,002,414,770	5,389,735,173	6,226,392,149,943
1. Short-term loans and borrowings		1,593,235,333,373	-	1,593,235,333,373
2. Trade payables	[8]	3,100,216,309,659	(4,380,712,096)	3,095,835,597,563
3. Advances from customers		35,305,467,978	-	35,305,467,978
4. Statutory obligations	[9]	87,863,714,694	11,058,157,097	98,921,871,791
5. Payables to employees		205,641,088,427	(2,181,499,974)	203,459,588,453
6. Accrued expenses		23,372,079,839	3,258,781	23,375,338,620
7. Unearned revenues				
8. Other payables		1,106,255,039,321	890,531,365	1,107,145,570,686
9. Bonus and welfare funds		69,113,381,479	-	69,113,381,479
ii. Amount due to customers		7,597,839,409,023	-	7,597,839,409,023
iii. Non-current liabilities		80,826,657,494	-	80,826,657,494
iv. Reserves		18,852,962,279,196	(14,702,283,328)	18,838,259,995,868
1. Unearned premium reserve		2,447,163,648,748	978,650,701	2,448,142,299,449
2. Mathematical reserve		13,947,735,874,260	-	13,947,735,874,260
3. Claims reserve	[10]	1,221,357,297,901	(15,768,295,461)	1,205,589,002,440
4. Catastrophe reserve		307,012,203,931	-	307,012,203,931
5. Dividend reserve		906,960,197,603	-	906,960,197,603
6. Equalization reserve		22,733,056,753	87,361,432	22,820,418,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Extract from consolidated Balance Sheet (continued)

Currency: VND

ASSETS	Notes	31 December 2010	Adjustment by State audit	31 December 2010 (restated)
B. EQUITY		10,667,776,713,657	30,009,759,082	10,697,786,472,739
<i>I. Owners' equity</i>	[11]	10,667,776,713,657	30,009,759,082	10,697,786,472,739
1. Contributed capital		6,267,090,790,000	-	6,267,090,790,000
2. Share premium		3,076,807,671,197	-	3,076,807,671,197
3. Foreign exchange differences reserve		16,075,608,000	-	16,075,608,000
4. Statutory reserves for insurance operations		79,245,733,155	-	79,245,733,155
5. Investment and development fund		13,810,688,873	-	13,810,688,873
6. Financial reserve fund		18,316,956,265	-	18,316,956,265
7. Other reserve		103,568,802,818	-	103,568,802,818
8. Undistributed earnings		1,092,860,463,349	30,009,759,082	1,122,870,222,431
C. MINORITY INTERESTS		1,347,529,689,387	1,213,664,544	1,348,743,353,931
TOTAL LIABILITIES AND EQUITY AND MINORITY INTERESTS		44,767,937,163,527	21,910,875,471	44,789,848,038,998

OFF BALANCE SHEET ITEMS

ITEMS	Notes	31 December 2010	Adjustment by State audit	31 December 2010 (restated)
1. Insurance policies signed but not yet effective (VND)	[12]	223,855,361,342	15,215,690,865	239,071,052,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Extract from consolidated Income Statement:

Currency: VND

ITEMS	Notes	For the year ended 31 December 2010	Adjustment by State audit	For the year ended 31 December 2010 (restated)
Gross written premium		8,243,995,446,509	1,118,457,944	8,245,113,904,453
Reinsurance premium assumed		186,623,651,556	-	186,623,651,556
Deductions		(1,152,034,398,163)	-	(1,152,034,398,163)
Increase in unearned premium reserve and technical reserve		(1,025,308,291,541)	(978,650,701)	(1,026,286,942,242)
Commissions on reinsurance ceded		183,298,558,113	-	183,298,558,113
Other income		5,958,591,545	298,723,076	6,257,314,621
Income on reinsurance assumed		2,095,474,697	-	2,095,474,697
Income on reinsurance ceded		333,858,761	-	333,858,761
Income from other activities		3,529,258,087	298,723,076	3,827,981,163
Total net revenue from insurance business		6,442,533,558,019	438,530,319	6,442,972,088,338
Claim and maturity payment expenses	[13]	(4,634,714,084,183)	3,794,243,998	(4,630,919,840,185)
Claim expenses for reinsurance assumed		(51,747,327,052)	-	(51,747,327,052)
Deductions		391,909,000,095	-	391,909,000,095
Claim expenses on retained risks		(4,294,552,411,140)	3,794,243,998	(4,290,758,167,142)
Claim expenses using catastrophe reserve		-	-	-
Increase in claims reserve	[14]	(70,365,084,289)	4,980,443,132	(65,384,641,157)
Provision for catastrophe reserve		(113,439,977,163)	-	(113,439,977,163)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Extract from consolidated Income Statement (continued):

Currency: VND

ITEMS	Notes	For the year ended 31 December 2010	Adjustment by State audit	For the year ended 31 December 2010 (restated)
Other insurance operating expenses		(988,931,762,242)	596,703,690	(988,335,058,552)
Other underwriting expenses		(924,160,351,685)	596,703,690	(923,563,647,995)
Commission		(830,054,332,159)	596,703,690	(829,457,628,469)
Risk minimization expenses		(35,566,098,265)	-	(35,566,098,265)
Loss adjusting fee, risk assessment and others		(58,539,921,261)	-	(58,539,921,261)
Other reinsurance assumed expenses		(40,479,795,339)	-	(40,479,795,339)
Other reinsurance ceded expenses		(24,291,615,218)	-	(24,291,615,218)
Total direct insurance operating expenses		(5,467,289,234,834)	9,371,390,820	(5,457,917,844,014)
Gross insurance operating profit		975,244,323,185	9,809,921,139	985,054,244,324
Income from banking activities		957,223,058,373	-	957,223,058,373
Expenses from banking activities		(538,591,304,881)	-	(538,591,304,881)
Net operating income from banking activities		418,631,753,492	-	418,631,753,492
Revenue from other activities		198,297,078,626	472,313,802	198,769,392,428
Expenses from other activities		(156,377,596,191)	114,789,388	(156,262,806,803)
Net operating income from other activities		41,919,482,435	587,103,190	42,506,585,625
Selling expenses		(142,837,253,724)	-	(142,837,253,724)
General and administrative expenses	[15]	(1,724,057,419,395)	9,035,402,394	(1,715,022,017,001)
General and administrative expenses of insurance operation		(1,328,369,465,286)	5,512,646,226	(1,322,856,819,060)
General and administrative expenses of banking operation		(136,995,092,835)	1,182,391,849	(135,812,700,986)
General and administrative expenses of other operations of the Holdings		(258,692,861,274)	2,340,364,319	(256,352,496,955)
Net operating loss from insurance operation		(495,962,395,825)	15,322,567,365	(480,639,828,460)
Net profit from bank operation		281,636,660,657	1,182,391,849	282,819,052,506
Net loss from other operation		(216,773,378,839)	2,927,467,509	(213,845,911,330)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Extract from consolidated Income Statement (continued):

Currency: VND

ITEMS	Notes	For the year ended 31 December 2010	Adjustment by State audit	For the year ended 31 December 2010 (restated)
Financial income		3,078,930,495,583	28,890,362,095	3,107,820,857,678
Financial expenses		(1,468,414,780,544)	(7,018,822,423)	(1,475,433,602,967)
Profit from financial activities	[16]	1,610,515,715,039	21,871,539,672	1,632,387,254,711
Other income		23,550,981,715	120,181,680	23,671,163,395
Other expenses		(1,775,611,065)	-	(1,775,611,065)
Net other profit		21,775,370,650	120,181,680	21,895,552,330
Share of the profit in associates and joint ventures		53,709,140,782	-	53,709,140,782
Profit before tax		1,254,901,112,464	41,424,148,075	1,296,325,260,539
Equalization reserve		(5,995,431,804)	(87,361,433)	(6,082,793,237)
Corporate Income tax for the year		(274,604,981,244)	(10,113,363,016)	(284,718,344,260)
PROFIT AFTER TAX		974,300,699,416	31,223,423,626	1,005,524,123,042
Minority interest		21,703,504,043	1,213,664,544	22,917,168,587
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE HOLDINGS		952,597,195,373	30,009,759,082	982,606,954,455

Significant restatements are described below:

[1] Adjustments to provision for short – term investments include:

VND

- Increasing provision for Vinashin bond coupon, which was originally proposed by State Auditors to adjust in long term investment. However, as this is provision relating to short – term bond, the Holdings has reclassified it into provision for long – term investments.

7,180,273,973

7,180,273,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. **COMPARATIVE INFORMATION** (continued)

Significant restatements are (continued):

<i>[2] Adjustments to receivables from insurance activities include:</i>	VND
‣ Increase in revenue of insurance policies signed and for which obligations have arisen	1,712,064,226
‣ Increase in premium returns	9,396,234
‣ Decrease in receivables from reinsurers relating to the adjustment to reduce the claim reserve	(10,787,852,329)
‣ Decrease in revenue of insurance policies signed but for which no obligations have arisen	<u>(507,267,000)</u>
	<u>(9,573,658,869)</u>
 <i>[3] Adjustments to receivables from financial investments activities include:</i>	 VND
‣ Increase in income from securities investment advisory services	72,750,000
‣ Increase in custodian revenue for unlisted shares and revenue for managing the shareholders report book	38,279,167
‣ Increase in dividend receivable and accrued interest from bonds and term deposits	29,086,583,129
‣ Decrease in accrued interest from bonds	<u>(233,687,214)</u>
	<u>28,963,925,082</u>
 <i>[4] Adjustments to other receivables include:</i>	 VND
‣ Increase interest receivable for the subsidized interests to customers that were over the level regulated in Decision 443/QD-TTg	1,924,074,668
‣ Increase in receivable from employees and insurance agents	606,140,926
‣ Other increases	270,002,500
	<u>2,800,218,094</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. **COMPARATIVE INFORMATION** (continued)

Significant restatements are (continued):

<i>[5] Adjustments to provision for doubtful debts include:</i>	VND
⌘ Increase provision amount for certain items when applying instructions of Circular 228/2009/TT-BTC	(106,000,000)
⌘ Increase in provision for the doubtful debts in foreign currency after converting them into VND using interbank exchange rate at 31 December 2010	(557,883,952)
⌘ Decrease in provision for certain items when applying instructions of Circular 228/2009/TT-BTC	4,609,206,873
	<u>3,945,322,921</u>
 <i>[6] Adjustments to tangible fixed assets include:</i>	 VND
⌘ Increase in fixed assets previously not yet recognized	1,153,568,998
⌘ Removal of maintenance and repair expenses out of fixed assets' cost	(2,675,750,139)
⌘ Decrease accumulated depreciation and amortization expenses	931,496,838
	<u>(590,684,303)</u>
 <i>[7] Adjustments to provision for long term investments include:</i>	 VND
⌘ Increase provision for ALCII term deposits	(14,199,096,396)
	<u>(14,199,096,396)</u>
 <i>[8] Adjustments to trade payables include:</i>	 VND
⌘ Increase in claim expense	196,915,000
⌘ Increase in payables to supplier as a results of the adjustments to increase fixed assets	391,872,404
⌘ Decrease in admin expenses in BVF	(377,740,000)
⌘ Decrease in claim expenses	(3,995,055,810)
⌘ Decrease in commissions expense	(573,646,099)
⌘ Decrease in brokerage fees payable	(23,057,591)
	<u>(4,380,712,096)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. COMPARATIVE INFORMATION (continued)

Significant restatements are (continued):

[9] Adjustments to tax and other obligations include: VND

⌘ Increase in CIT payable	10,113,363,016
⌘ Increase in VAT payable	422,146,762
⌘ Increase in PIT payable	114,714,461
⌘ Increases in other taxes payable	454,048,040
⌘ Decrease in tax payable	(46,115,182)
	<u>11,058,157,097</u>

[10] Adjustments to claim reserve include: VND

⌘ Increase in claim reserve following the review of the listing of incurred but not reported losses	296,213,700
⌘ Decrease in claim reserve	(16,064,509,161)
	<u>(15,768,295,461)</u>

[11] Adjustments to owner equity include: VND

⌘ Impacts of adjustments in revenue and expense	31,223,423,626
⌘ Adjustments to minority interest	(1,213,664,544)
	<u>30,009,759,082</u>

[12] Adjustments to insurance policies signed but not yet effective include: VND

⌘ Decrease gross written premium relating to policies that have been effective	507,267,000
⌘ Increase account 005 for policies that have not yet been recognized in the system	15,669,671,553
⌘ Increase gross written premium relating to policies that have been effective	(961,247,688)
	<u>15,215,690,865</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

39. **COMPARATIVE INFORMATION** (continued)

Significant restatements are (continued):

<i>[13] Adjustments to claim expense include:</i>	VND
➤ Increase in claim expense	(200,811,812)
➤ Decrease in claim expense	3,995,055,810
	<u>3,794,243,998</u>

<i>[14] Adjustments to claim reserve expense include:</i>	VND
➤ Increase in claim reserve following the review of the listing of incurred but not reported losses	(296,213,700)
➤ Decrease in claim reserve (net of reinsurers' liabilities)	5,276,656,832
	<u>4,980,443,132</u>

=

<i>[15] Adjustments to general and administration expenses include:</i>	VND
➤ Decrease in general and administration expense relating to insurance activities	5,512,646,226
➤ Decrease in general and administration expense relating to banking activities	1,182,391,849
➤ Decrease in general and administration expense relating to other activities	2,340,364,319
	<u>9,035,402,394</u>

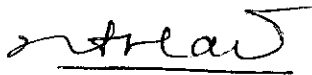
<i>[16] Adjustments to revenue from investment activities include:</i>	VND
➤ Increase: interest income from term deposits, FX trading gain, dividends and other adjustments	29,124,049,309
➤ Decrease interest income from some term deposits and bonds	(233,687,214)
➤ Increase provision for term deposits' interest	(14,199,096,396)
➤ Decrease provision for bonds' interest	7,180,273,973
	<u>21,871,539,672</u>

In additions, some comparative information in the consolidated cash flow statement for the year ended 31 December 2010 has been reclassified to be in conformity with the consolidated cash flow statement presentation of current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

40. EVENTS AFTER BALANCE SHEET DATE

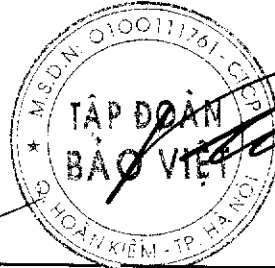
There have been no other significant events occurring after 31 December 2011 which would require adjustments or disclosures to be made in the consolidated financial statements.



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer



Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012