



2017 ANNUAL REPORT

CONTENTS

03	Message from General Director
04	Overview - Mission - Vision - Core Value
05	Corporate Culture Philosophy
06	History
07	Corporate Profile
08	Management Team
09	Products & Services
13	Financial Highlights
14	Corporate Social Responsibility
15	Audited Financial Statements
	General information
	Balance sheet
	Income statement
	Cash flow statement
	Notes to the financial statements



MESSAGE FROM GENERAL DIRECTOR

The year 2017 has witnessed relative stabilization in Vietnam's macroeconomic situation although there were a lot of uncertainties and volatilities in big economies around the world. Statistics results showed a number of positive achievements over the year including stable GDP growth, low inflation, continuously growing exports and FDI capital disbursement. However, the economy is still recovering from certain drawbacks such as high public debt and budget deficit, slow progress in solving state owned enterprise reform and unresolved weakness in banking and corporate sectors. As for the domestic general insurance market, growth rate at the end of the year was recorded at double digit with 27/30 players recording positive result in insurance business operation.

In such context, Bao Viet Tokio Marine (BVTM) has also achieved positive business results thanks to long-term support of our clients and partners, as well as strong efforts and commitment of all company members. At the end of 2017, our total Gross Written Premium (GWP) recorded at over VND 529 billion, equivalent to a growth rate of nearly 5% compared to last year figure. Actually it was a memorial year that our GWP has exceeded VND 500bil since the

establishment of our company in 1996. In addition, despite significant claims amount arising during the whole year, Net Profit after Tax still showed our good efforts with total amount of VND 78.6 billion, which increased by 6% compared to last year result.

In fact, during the year, we have realized a number of key initiatives not only to strengthen our core business but also to develop more comprehensive risk-solutions to our partners and diversify business portfolio. Specifically, over the year more than 250 loss prevention surveys were conducted with over 300 analysis reports generated to support our clients in improving risk management including workplace safety. In addition, a number of new products have been introduced to the market such as Wellcare insurance, Golf insurance and other specialty insurance products under technical consultancy of Tokio Marine Insurance Group. Besides product development to address clients' needs, the Company has also prioritized to promote corporate governance efficiency with the formulation of internal audit function which focused on periodical internal audit of all business divisions to ensure gradual improvement in enterprise risk management activities.

Additionally, in August 2017, we created our internal philosophies aimed at strengthening the corporate culture to foster the commitment of “To be a Good Company” in Vietnam. “ONE BVTM” is set as our key slogan, and our philosophies were expressed in five key phrases which are oriented towards empowering our people as well as maximizing our customer experiences and satisfaction:

MORE SMILE
MORE POSITIVE THOUGHT
MORE STEP TOWARDS SOLUTION



MORE INNOVATIVE IDEA
MORE VIEW FOR ADDED VALUES

By executing such culture enhancement activities, we will continue on with our journey to be a trusted partner to all clients, stakeholders and the societies we work in.

The year 2018 marks the beginning of the Mid-Term Business Plan with more challenging business targets of accelerating growth in both topline and bottom line. In fact, looking at the mid-to-long-term, we expect that our local business environment will change rapidly due to various factors such as macroeconomic conditions, demographic shifts, technological advancements like block chain, Internet of Things, Artificial Intelligence... As a result, we have to continuously improve our operation efficiency by innovative business initiatives to diversify our product portfolio and distribution network, streamline internal processes, enhance IT infrastructure to maximize

customers' experiences. On the other hand, in order to survive in this competitive market, it is no doubt that we should embed our core value and identity, that is 'JAPAN QUALITY'. In fact, at the beginning of 2018, I have delivered top management message to all members of BVTM to encourage each and every staff to challenge to the ultimate Japan Quality for the best benefit of our customers, and we would like to commit to strive to achieve real JAPAN QUALITY continuously.

In the journey to realize our targets and mission, we would be grateful for your continued trust and ongoing support which are really critical in driving our sustainable organic growth in the long run.

Hideaki Maeomote
 General Director



OVERVIEW

Established in 1996, Bao Viet Tokio Marine (previously known as Vietnam International Assurance Company – VIA) was the first foreign insurance investment joint-venture in Vietnam with its current partners being Baoviet Holdings – a leading Finance-Insurance group in Vietnam and Tokio Marine - a leading giant insurance group in Japan. Baoviet Tokio Marine provides non-life insurance products and services for all international and domestic clients including both organizations and individuals in accordance with Viet Nam's Law.

MISSION

BVTM will be the BEST QUALITY insurance company in Vietnam through providing excellent products, services & delivering satisfaction to all stake holders with sustainable growth.

VISION

- Expanding business to strengthen “Corporate Value”
- Being a respected company
- Being a happy place to work

CORE VALUE



CORPORATE CULTURE PHILOSOPHY

Bao Viet Tokio Marine continued enhancing its corporate culture to foster our slogan ONE BVTM, a strong united team of dedicated members who are always committed to try their best for the satisfaction of clients and sustainability of society.



Since 2017 August, we have newly launched our internal five philosophies which are considered as the stepping stones for employee empowerment and business innovation



HISTORY

05 AUG 1996

Vietnam International Assurance Company (VIA) was established by 3 shareholders: Bao Viet (51%), Commercial Union (24.5%) and Tokio Marine (24.5%), being the very first insurer with foreign investment in Vietnam. The Company had the legal capital of USD 6,000,000 and was based in Ho Chi Minh City

10 PEOPLE

19 DEC 1997

Hanoi Branch Office was established and started market penetration in the North of Vietnam

09 JAN 2002

Tokio Marine purchased the shares of Commercial Union. Since then, the capital ratio has been 49% from Tokio Marine and 51% from Bao Viet

18 PEOPLE

14 JAN 2009

The Chartered capital was VND 300,000,000,000. The Company acquired full business license to provide insurance services to all clients in Vietnam

76 PEOPLE

25 MAY 2009

A Representative Office was established in Da Nang

76 PEOPLE

04 SEP 2009

Head Office was relocated to Hanoi, LTD.

76 PEOPLE

10 SEP 2010

Vietnam International Assurance Company was renamed to "Baoviet Tokio Marine Insurance Joint Venture Company

79 PEOPLE

24 APR 2012

A Representative Office was established in Hai Phong

91 PEOPLE

01 JULY 2013

The company has changed its name from Bao Viet Toiko Marine Insurance Joint Venture Company into Bao Viet Tokio Marine Insurance Company Limited

99 PEOPLE

08 JULY 2016

Tokio Marine increased share in BVTM from 49% to 51%.

2018

22 years of development

CORPORATE PROFILE

Name	BAO VIET TOKIO MARINE INSURANCE COMPANY LIMITED
Establishment	1996
Address	
• Head Office	Room 601, 6th Floor, Sun Red River Building, 23 Phan Chu Trinh Street, Hoan Kiem District, Hanoi, Vietnam
• Branch Office	19th Floor, Green Power Building, 35 Ton Duc Thang, Dist. I, Ho Chi Minh City, Vietnam
• Rep. Office	Da Nang: Room 503, 5th Floor, Thanh Loi Building, 135 Nguyen Van Linh, Thanh Khe Dist., Danang City Hai Phong: Lot B2, 2nd Floor, Harbor View Building, 12 Tran Phu, Ngo Quyen, Hai Phong, Vietnam
Charter capital	VND 300,000,000,000
Capital Contributors	
Tokio Marine Asia Pte. Ltd	51%
Bao Viet Holdings	49%
Members' Council	
• Chairwoman	Ms. Than Hien Anh
• Members	Mr. Shinjiro Hamada Mr. Hideaki Maeomote - General Director Mr. Ha Vu Hien - Deputy General Director Mr. Nguyen Anh Tuan Mr. Toru Sanada

Trademark



Tokio Marine Asia Pte. Ltd, the Asia – Pacific Regional Head Quarter of Tokio Marine Holdings – a top-tier global insurance group in Japan with overseas offices located in 486 cities in 39 countries and more than 33,829 employees.

Bao Viet Holdings (BVH), one of the leading and longest serving financial insurance group in Vietnam with Over 168 branches, over 700 transaction offices in 63 cities & provinces in Vietnam and more than 6,000 employees and 45,000 agents nationwide.

MEMBERS' COUNCIL



GENERAL MANAGERS





PRODUCTS & SERVICES

PRODUCTS

MARINE CARGO INSURANCE



More than 100 years of experience in Marine Cargo insurance of Tokio Marine Group enables us to perfectly understand your needs and design our Marine Cargo Insurance product, basing on standard Institute Cargo Clauses (A), (B) or (C), to best protect your cargo against physical losses, expenses and damages during transit, including but not limited to following special features:

- Stock throughput policy
- Designated worldwide master policy for Multinational transport cargo

On the other hand, the broad network of as many as 250 Claims Setting Agents throughout the world of Tokio Marine Group allows us to provide response quickly and effectively when your goods suffer loss or damage

PROPERTY INSURANCE



We write property insurance for a wide range of customers, from smaller business owners to large corporations to provide your business with the comprehensive insurance coverage from property's damage as well as any business interruption loss caused by fire, natural disaster, or other damage with sudden occurrence.

With a broad suite of products in the insurance industry, a team of experiment risk engineering, property underwriting and claims professionals and our property solution, we are committed to helping you prevent loss and recovery quickly and manage property risks confidently and effectively.

ENGINEERING INSURANCE



Mechanical and electrical contracts for the construction of buildings, towers, erectors of platforms, etc. are complex projects and exposed to accidental or unforeseen loss, damage or liability during the construction or erection period, as well as equipment and electronic damage or loss. A suitable insurance cover should provide the peace of mind to the owner of the project as well as to the contractor. You can rely on our Innovative and Comprehensive Engineering Protection which is categorized into two branches:

- Project Engineering:
 - Construction All Risks Insurance
 - Erection All Risks Insurance
- Non Project Engineering:
 - Machinery Breakdown Insurance
 - Electronic Equipment Insurance
 - Others

Tailor-made policies can be designed to meet your specific demands.

MOTOR INSURANCE



With our insurance policy, your vehicles will receive the comprehensive protection including the physical damage, third party liability and also the personal accident for the motorists due to any accidents that they might cause or be involved in. Buying insurance means You will not be worry about the risks like an accident, fire which suffer and cause an injury or death. In additional, we also offer you the broader coverage with the best benefits:

- Partial Theft Coverage
- Damaged vehicles to be repaired at Authorised Nominated Garage
- Water Damage Coverage
- Car Substitution Expense while your car is kept by
- The police for accident investigation

LIABILITY INSURANCE



Since the liability insurance has become increasingly popular with an increasing number of liability lawsuits being filed ever year, we have developed our Liability Insurance to provide important coverage that organizations need in today's challenging times. This policy shall indemnify you in respect of your legal liability to someone who suffers:

- Bodily injury
- Loss of or damage to property

We will pay the amount of any court award or reasonable negotiated "out of court" settlement plus costs and expenses arising in connection with the claim and other expenses which have been incurred.

Besides, the Company has also developed "Premise pollution liability insurance" which is to offer organizations against various premise-based risks.

PERSONAL ACCIDENT INSURANCE



In daily life, an accident could be just around the corner and could come at the most unexpected time. You can minimize these unforeseen events by choosing the suitable insurance coverage from our Personal Insurance products. This will ensure you and your family members, your employees, etc. to have the best protection against the unfortunate accident. The coverage can be included all cases of injury caused by accident for:

- Death or Permanent Disablement
- Temporary Disablement
- Medical Expenses

WORKERS' COMPENSATION INSURANCE



Almost every company from small size with a few loyal employees to large chains with many employees at any level, workers' compensation insurance is always necessary. This insurance does not only provide the compensation to your staff but also protect you, the employer, from the legal liability against your employee benefits. For this reason, our Workers' Compensation Insurance is designed to indemnify for death or disability arising from the bodily injury caused by accident or disease in the course of employment.

In additional, we help you reduce your workers' compensation costs by providing the Safety Training for the employees and keep the indemnification costs in line with the best practices for growing your workforce.



WELLCARE INSURANCE

Insurance for company's employees & their family



Wellcare is a family-friendly health insurance package specially developed by Bao Viet Tokio Marine with medical assistance offered by Wellbe - a company with many years of experience in medical support services for Japanese in Vietnam. The package offers sound protection and contributes to employees and their families' physical, emotional and financial well-being with below major benefits:

- Health counselling service provided by Wellbe from 9:30 to 17:00 weekdays
- Incentives to register for Wellbe periodic health check-up at associated private clinics
- Report on hospitalization status
- Four different flexible insurance package options



TRADE CREDIT INSURANCE



Together with Marine Cargo Insurance, Trade Credit Insurance is the protector for manufacturing and trading companies during transactions with their customers. While Marine Cargo Insurance covers the physical loss/damages to the cargo during transit and before reaching the buyer, Trade Credit Insurance protects the sellers from non-payment exposures. This insurance works much more efficiently than traditional methods of seller-protectors such as L/C due to its simplicity and wider protection.



TRAVEL MATE INSURANCE



The product is developed to provide a comprehensive protection to our clients traveling abroad for various purposes like business, holidays, study...No matter what type of travel you may take, our travel mate insurance ensures you a safe and secured trip with a lot of benefits including wide coverage, flexible premium packages and 24hour support call center which offers clients support at any time in any case worldwide.

Our Travel Mate product offers below types of coverage:

- Personal Accident;
- Medical Expenses;
- Travel Assistance;
- Other Extensions;



SPECIALTY INSURANCE



Responding to new risk exposures in the increasingly fluctuating world of business nowadays, we also developed new insurance products to protect our clients of all sizes in various industries. For the past two years, there are several packages of specialized insurance designed to meet our clients' arising demand:

Directors & Officers Liability

D&O insurance protects personal assets and liability of directors, officers and senior personnel against claims arising from wrongful acts or decisions made in their business capacity, including but not limited to:

- Accounting irregularities
- Mergers and acquisitions
- Insolvency-related proceedings (wrongful trading/disqualification)
- Employment-related claims
- Corporate manslaughter/breaches of health and safety legislation
- Environment liability
- Breaches of competition law

Cyber Security Insurance

Our cyber insurance is designed to protect companies that may face different kinds of risks including but not limited to computer attacks, operational errors, network outages or data breaches...Coverage may include both third party liability such as failure to properly handle, manage, store or destroy data; transmission of a virus; defamation or first party liability such as notification costs; data breach, forensic, security and crisis management services.

“Bankers Blanket Bond and Electronic Computer Crime” Insurance

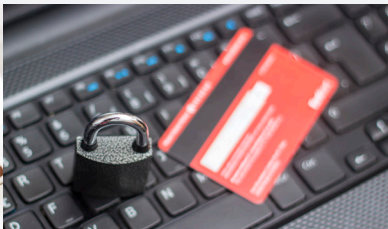
The BBB & ECC is a protection for financial organizations against any losses incurred as a direct result of fraud, theft, forgery of employee or changes to the Computer System, electronic data, and fax machines with fraudulent purposes that result in financial loss of the Assured.

MISCELLANEOUS INSURANCE:



Other than our main insurance products, many different types of insurance now are available in our Miscellaneous Insurance category which gives you an additional security to your existing insurance. Miscellaneous Insurance provides the diversified coverage such as:

- Office Multi Risk Insurance,
- Money Insurance,
- Fidelity Insurance,
- Golfer Insurance,
- etc.



SERVICES

The company has a Specialized Risk Engineering Team for property risk. This team is fully backed up and supported by Risk Engineering Service of Tokio Marine Asia Pte. Ltd. Apart from risk assessment service, the team also offers Loss Control Report for the Insureds both in English or Vietnam languages.

Safety Training course will be operated by Safety Engineers, who have experience safety management in various fields including hands-on experience with chemical industry, paint manufacturing, food industry, pharmaceutical, steel manufacturing, furniture manufacturing and semi-conductor & electronics industries.

RISK SURVEY

As an added-value service, we regularly conduct risk surveys to help our customers identify risk exposures that may exist in their premises, whereby giving appropriate recommendations for the loss prevention and mitigation purpose.



SAFETY TRAINING

The purpose of the basic safety courses is to increase safety awareness for everyone working in your factory of the various existing on-site hazards, and how to recognize and avoid them.



LOSS PREVENTION TRAINING/ SEMINARS

The purpose of Loss Prevention seminars is to enhance the awareness of property loss prevention within an organization and to provide assistance to the insured in achieving risk improvement.



FINANCIAL HIGHLIGHTS

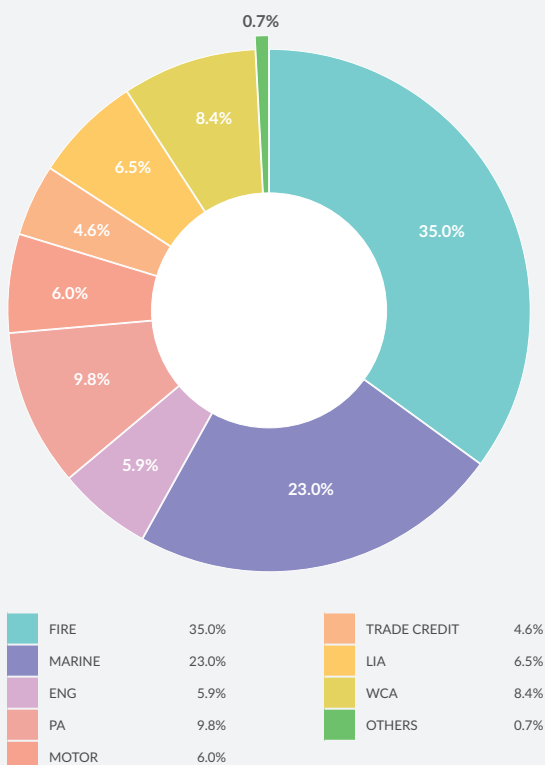
2017 Result

Financial results at the end of 2017 were relatively positive with major Key Performance Indicators achieving stable growth. Total Gross Written Premium (GWP) reached VND 505,035 million which is equivalent to 105% compared to previous year figure and contributed to a sustainably upward trend over the past five years. Operating revenue reached VND 284,410 million achieving 112.3% compared to previous year result.

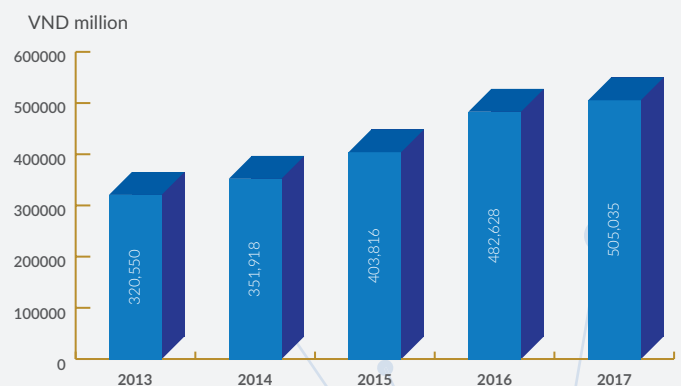
Thanks to efficient control of expense, profitability was achieved at good result of VND 83,045 million, which is 106.2% of 2016 figure.

No.	Index	2017	2016	Change
1	Gross revenue	325,117,966,371	294,737,268,964	110.3%
	Total operating revenue (*)	284,410,495,370	253,173,079,670	112.3%
	Financial revenue	39,560,561,912	41,183,073,043	96.1%
	Other revenue	1,146,909,089	381,116,251	300.9%
2	Expense	88,383,031,655	197,136,983,768	44.8%
	Insurance related expense	131,471,048,673	108,673,504,886	121.0%
	Financial activities expense	2,060,617,028	9,439,122,610	21.8%
	Management expense	86,301,263,503	78,900,566,346	109.4%
	Other expense	21,151,124	123,789,926	17.1%
3	Profit before Tax	105,263,886,043	97,600,285,196	107.9%
4	Corporate Income Tax	21,858,407,873	18,755,558,398	116.5%
5	Profit after Tax	83,405,478,170	78,560,513,684	106.2%

GWP By Line in 2017



GWP Over 5 Years 2013 - 2107



CORPORATE SOCIAL RESPONSIBILITY

On the endless path to pursue one of BVTM core values of being a socially responsible corporate citizen to contribute to the sustainability of Vietnamese society, the Company has successfully conducted its annual Corporate Social Responsibility (CSR) project in 2017.

Charity activity to disadvantaged children in Son La province, Northern Vietnam

In November 2017, the company delegation conducted a charity trip to visit and deliver 400 warm blankets, jackets and stationeries to disadvantaged kindergartens, primary and secondary students in Muong La, Son La province in the North of Vietnam. The students endured severely disadvantaged living conditions with lack of warm clothes and blankets in the winter as well as basic school stationeries. Acknowledging the donation and sincerity from the management and staffs of BVTM, school presidents, and all the students along with their families expressed deepest thanks to BVTM for the company's sharing & caring society-oriented activity.



Terry Fox Run to raise fund in support of cancer victims, Southern Vietnam

Besides, in November the Company also participated in the charity activity Annual Terry Fox Run organized by the Canadian Embassy in Hochiminh City to raise funds for the support of cancer & heart-attack children victims. It's considered not only a meaningful way of donating to the endless fighting against cancer but at the same time promote the heroic efforts, integrity and sports spirit for all company members.



BAOVIET TOKIO MARINE INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

31 December 2017

General information	16
Report of the Members' Council	18
Independent auditors' report	19
Balance sheet	20 - 23
Income statement	24 - 26
Cash flow statement	27 - 28
Notes to the financial statements	29 - 72



GENERAL INFORMATION

THE COMPANY

Baoviet Tokio Marine Insurance Company Limited (“The Company”) formally was a joint-venture among Bao Viet Holdings, Commercial Union Assurance Company Plc and Tokio Marine and Fire Insurance Co., Ltd . The Company was established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5 August 1996 and subsequent amendments. The latest amendment license No. 65/GPĐC1/KDBH issued by the Ministry of Finance on 8 July 2016 to amend the legal capital structure of shareholders.

Table below illustrates the parties’ contribution to the legal capital of the Company as at 31 December 2017:

Shareholders	Amount in VND	Percentage
Tokio Marine Asia Pte., Ltd.	153,000,000,000	51%
Bao Viet Holdings	147,000,000,000	49%
	300,000,000,000	100%

Main activities of the Company are to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

Head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi.

The branch is located at Room 3, 19th Floor, Green Power Building, 35 Ton Duc Thang, District 1, Ho Chi Minh City.

MEMBERS' COUNCIL

The members of Members' Council during the year and at the date of this report are:

Name	Position	Date of appointment/resignation
Ms. Than Hien Anh	Chairperson	Appointed on 3 April 2015
Mr. Arthur Lee	Vice Chairperson	Resigned on 01 October 2017
Mr. Shinjiro Hamada	Vice Chairperson	Appointed on 01 October 2017
Mr. Yoshinori Fukaura	Member	Resigned on 01 April 2017
Mr. Toru Sanada	Member	Appointed on 01 April 2017
Mr. Ha Vu Hien	Member	Appointed on 16 September 2003
Mr. Nguyen Anh Tuan	Member	Appointed on 20 March 2006
Mr. Hideki Mishima	Member	Resigned on 20 April 2017
Mr. Hideaki Maeomote	Member	Appointed on 20 April 2017

MANAGEMENT

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

Name	Position	Date of appointment/resignation
Mr. Hideki Mishima	General Director	Resigned on 20 April 2017
Mr. Hideaki Maeomote	General Director	Appointed on 20 April 2017
Mr. Ha Vu Hien	Deputy General Director	Appointed on 16 September 2003
Ms. Pham Thu Trang	Chief Accountant	Appointed on 1 January 2017

LEGAL REPRESENTATIVE

The legal representative of the Company for the year ended 31 December 2017 and at the date of this report is Mr. Hideaki Maeomote, General Director of the Company.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

REPORT OF THE MEMBERS' COUNCIL

Members' Council of Baoviet Tokio Marine Insurance Company Limited ("the Company") is pleased to present its report and the financial statements for the year ended 31 December 2017.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management of the Company is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows for the year. In preparing those financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its business.

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

Management of the Company confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and statutory requirements relevant to preparation and presentation of financial statements.

For and on behalf of the Members' Council:



Ms. Than Hien Anh
Chairperson

Hanoi, Vietnam
27 March 2018

INDEPENDENT AUDITORS' REPORT

**To: The Members' Council
Baoviet Tokio Marine Insurance Company Limited**

We have audited the accompanying financial statements of Baoviet Tokio Marine Insurance Company Limited ("the Company") as prepared on 27 March 2018 and set out on pages 5 to 53 which comprise the balance sheet as at 31 December 2017, the income statement and the cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2017 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of financial statements.

Ernst & Young Vietnam Limited



Saman Bandara

Deputy General Director

Audit Practising Registration

Certificate No. 2036-2018-004-1

Hanoi, Vietnam

27 March 2018

Luong Thi Phuong Dung

Auditor

Auditor Practising Registration

Certificate No. 3054-2014-004-1

BALANCE SHEET

as at 31 December 2017

B01-DNPNT

Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,251,834,350,434	1,176,841,182,382
110	I. Cash and cash equivalents	4	19,902,343,808	86,293,880,449
111	1. Cash		19,902,343,808	28,523,130,449
112	2. Cash equivalents		-	57,770,750,000
120	II. Short-term investments	5	575,903,000,000	410,196,750,000
121	1. Trading securities		8,430,000,000	8,430,000,000
123	2. Held-to-maturity investments		567,473,000,000	401,766,750,000
130	III. Current account receivables	6	72,127,883,518	82,785,833,497
131	1. Short-term trade receivables		51,990,175,065	66,764,390,644
131.1	1.1. Insurance receivables		50,003,134,877	61,633,158,932
131.2	1.2. Other trade receivables		1,987,040,188	5,131,231,712
135	2. Other short term receivables		20,313,568,382	16,302,447,822
139	3. Allowance for doubtful debts		(175,859,929)	(281,004,969)
150	IV. Other short-term assets		15,166,550,435	14,607,165,131
151	1. Prepaid expenses		14,703,910,431	14,344,112,899
151.1	1.1. Unallocated commission expense	7	13,018,598,711	11,847,850,428
151.2	1.2. Other prepaid expenses		1,685,311,720	2,496,262,471
152	2. Deductible VAT		462,640,004	263,052,232
190	V. Reinsurance assets	16	568,734,572,673	582,957,553,305
191	1. Reinsurance assets from unearned premium reserve	16.1.1	105,276,332,488	114,707,033,147
192	2. Reinsurance assets from claim reserve	16.1.2	463,458,240,185	468,250,520,158

BALANCE SHEET

as at 31 December 2017

B01-DNPNT

Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		121,866,864,295	169,152,892,290
210	I. Long-term receivables		10,029,592,750	9,991,819,150
216	1. Other long-term receivables		10,029,592,750	9,991,819,150
216.1	1.1. Statutory deposit	8	8,499,375,000	8,512,500,000
216.2	1.2. Other long-term receivables		1,530,217,750	1,479,319,150
220	II. Fixed assets		3,964,518,471	2,887,856,582
221	1. Tangible fixed assets	9	3,529,716,385	2,887,856,582
222	Cost		8,247,036,552	9,185,025,422
223	Accumulated depreciation		(4,717,320,167)	(6,297,168,840)
227	2. Intangible fixed assets	10	434,802,086	-
228	Cost		5,293,594,344	4,848,594,344
229	Accumulated amortisation		(4,858,792,258)	(4,848,594,344)
250	III. Long-term investments	5	103,715,364,404	154,340,379,707
255	1. Held-to-maturity investments		103,715,364,404	154,340,379,707
260	IV. Other non-current assets		4,157,388,670	1,932,836,851
261	1. Long-term prepaid expense	11	4,157,388,670	1,932,836,851
270	TOTAL ASSETS		1,373,701,214,729	1,345,994,074,672

Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
300	A. TOTAL LIABILITIES		910,918,493,178	888,894,079,427
310	I. Current liabilities		903,429,217,967	881,404,804,216
311	1. Trade payables	12	94,053,371,595	89,308,424,982
311.1	1.1. Insurance payables		89,276,418,254	85,744,045,581
311.2	1.2. Other trade payables		4,776,953,341	3,564,379,401
313	2. Tax and other statutory obligations	13	11,629,008,661	10,042,383,088
314	3. Payables to employees		11,372,746,456	6,293,239,003
318	4. Short-term deferred revenue		1,193,891,518	1,646,149,257
318.1	5. Un-earned commission revenue	14	25,371,991,412	26,478,534,828
319	6. Other short-term payables	15	252,160,361	446,360,486
322	7. Bonus and welfare funds		9,019,690,118	8,701,442,980
329	8. Technical reserves		750,536,357,846	738,488,269,592
329.1	8.1. Gross un-earned premium reserve	16.1.1	164,656,991,842	163,470,606,246
329.2	8.2. Gross claim reserve	16.1.2	534,871,449,007	530,608,539,894
329.3	8.3. Catastrophe reserve	16.2	51,007,916,997	44,409,123,452
330	II. Non-current liabilities		7,489,275,211	7,489,275,211
341	1. Deferred tax liability	27.2	7,489,275,211	7,489,275,211

Currency: VND

Code	Assets	Notes	Ending balance	Beginning balance
400	B. OWNERS' EQUITY		462,782,721,551	457,099,995,245
410	I. Capital	17	462,782,721,551	457,099,995,245
411	1. Contributed chartered capital		300,000,000,000	300,000,000,000
417	2. Foreign exchange translation reserve		31,520,800,000	31,520,800,000
419	3. Statutory reserve		30,000,000,000	30,000,000,000
421	4. Undistributed earnings		101,261,921,551	95,579,195,245
421a	4.1. Accumulated undistributed profit of previous years		22,026,717,077	20,946,707,240
421b	4.2. Undistributed profit of current year		79,235,204,474	74,632,488,005
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,373,701,214,729	1,345,994,074,672


Ms. Pham Thu Trang

Chief Accountant

27 March 2018

**Mr. Hideaki Maeomote**

General Director

INCOME STATEMENT

PART I: COMPREHENSIVE INCOME STATEMENT

for the year ended 31 December 2017

B02-DNPNT

Currency: VND

Code	Items	Current year	Previous year
10	1. Total operating income	284,410,495,370	253,173,079,670
12	2. Finance income	39,560,561,912	41,183,073,043
13	3. Other income	1,146,909,089	381,116,251v
20	4. Total direct operating expenses	131,471,048,673	108,673,504,886
22	5. Finance expense	2,060,617,028	9,439,122,610
23	6. General and administrative expenses	86,301,263,503	78,900,566,346
24	7. Other expenses	21,151,124	123,789,926
50	8. Profit before corporate income tax (50 = 10 + 12 + 13 - 20 - 22 - 23 - 24)	105,263,886,043	97,600,285,196
51	9. Current corporate income tax	21,858,407,873	18,755,558,398
52	10. Deferred income tax expense	-	284,213,114
60	11. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)	83,405,478,170	78,560,513,684

PART II: OPERATIONAL INCOME STATEMENT

for the year ended 31 December 2017

B02-DNPNT

Currency: VND

Code	Items	Notes	Current year	Previous year
1	1. Insurance revenue (01 = 01.1 + 01.2 - 01.3) <i>In which:</i>	18	503,848,199,120	447,859,802,948
1.1	Direct written premiums	18.1	452,366,667,327	416,262,048,647
1.2	Reinsurance premium assumed	18.2	52,667,917,389	66,366,400,775
1.3	Increase in un-earned premium reserve	16.1	1,186,385,596	34,768,646,474
2	2. Reinsurance premium ceded (02 = 02.1 - 02.2) <i>In which:</i>	19	294,505,499,376	260,041,703,922
2.1	Reinsurance premium ceded	19.1	285,074,798,717	288,989,450,445
2.2	(Decrease)/increase in ceded premium reserve	16.1	-9,430,700,659	28,947,746,523
3	3. Net insurance premiums (03 = 01 - 02)		209,342,699,744	187,818,099,026
4	4. Commission on reinsurance ceded and other insurance income (04 = 04.1 + 04.2) <i>In which:</i>	20	75,067,795,626	65,354,980,644
4.1	Commission on reinsurance ceded	20.1	64,981,126,026	55,286,557,146
4.2	Other income from insurance activities	20.2	10,086,669,600	10,068,423,498
10	5. Total net revenue from insurance business (10 = 03 + 04)		284,410,495,370	253,173,079,670
11	6. Claim expenses (11 = 11.1 - 11.2) <i>In which:</i>		236,957,376,752	110,715,954,561
11.1	Claim expenses		255,570,849,151	116,729,920,563
11.2	Claim expense reductions		18,613,472,399	6,013,966,002
12	7. Recoveries from reinsurance ceded	21.3	159,959,136,050	57,820,683,181
13	8. Increase in direct and assumed claim reserve	16.1	4,262,909,113	282,412,375,308
14	9. (Decrease)/increase in ceded claim reserve	16.1	-4,792,279,973	263,481,805,065
15	10. Net claim expenses (15 = 11 - 12 + 13 - 14)	21	86,053,429,788	71,825,841,623
16	11. Increase in catastrophe reserve		6,598,793,545	5,809,169,969

Currency: VND

Code	Items	Notes	Current year	Previous year
17	12. Other operating expenses (17 = 17.1 + 17.2) <i>In which:</i>		38,818,825,340	31,038,493,294
17.1	Commission expense	7	32,811,487,314	24,558,563,429
17.2	Other underwriting expenses	22	6,007,338,026	6,479,929,865
18	13. Total direct operating expenses (18 = 15 + 16 + 17)		131,471,048,673	108,673,504,886
19	14. Gross insurance operating profit (19 = 10 - 18)		152,939,446,697	144,499,574,784
23	15. Finance income	23	39,560,561,912	41,183,073,043
24	16. Finance expense	24	2,060,617,028	9,439,122,610
25	17. Profit from financial activities (25 = 23 - 24)		37,499,944,884	31,743,950,433
26	18. General and administrative expenses	25	86,301,263,503	78,900,566,346
30	19. Net operating income (30 = 19 + 25 - 26)		104,138,128,078	97,342,958,871
31	20. Other income	26	1,146,909,089	381,116,251
32	21. Other expenses	26	21,151,124	123,789,926
40	22. Net other profit (40 = 31 - 32)		1,125,757,965	257,326,325
50	23. Profit before corporate income tax (50 = 30 + 40)		105,263,886,043	97,600,285,196
51	24. Current corporate income tax	27	21,858,407,873	18,755,558,398
52	25. Deferred income tax expense	27	-	284,213,114
60	26. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)		83,405,478,170	78,560,513,684

Ms Pham Thu Trang
Chief Accountant

27 March 2018

Mr. Hideaki Maeomote
General Director

CASH FLOW STATEMENT

for the year ended 31 December 2017

B03-DNPNT

Currency: VND

Code	Items	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1	Receipt from sale of goods and rendering of services		529,037,852,130	510,416,763,992
2	Payments to suppliers		(488,508,802,560)	(368,500,344,701)
3	Payment to employees		(49,491,738,355)	(45,233,785,055)
5	Payment of corporate income tax	13	(20,319,438,084)	(22,152,321,578)
6	Receipts from other operating activities		136,344,925,031	77,264,942,031
7	Payment of other operating activities		(52,370,009,806)	(63,199,271,222)
20	Net cash inflows from operating activities		54,692,788,356	88,595,983,466
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Payment to purchase fixed assets and constructions		(2,258,232,000)	(286,022,500)
22	Receipts on disposals of fixed assets		1,259,472,727	400,000,000
23	Disbursement for loans and purchase of investment securities		(881,339,741,158)	(700,157,848,783)
24	Receipts from loans and sale of investment securities		802,752,850,000	699,868,726,354
27	Receipts from investment interest and dividends		31,997,273,307	31,142,817,073
30	Net cash flow (used in)/from investing activities		(47,588,377,124)	30,967,672,144

Currency: VND

Code	Items	Notes	Current year	Previous year
III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
36	Dividend paid	17.1	(73,552,478,168)	(75,428,585,159)
40	Net cash flow used in financial activities		(73,552,478,168)	(75,428,585,159)
50	Net change in cash and cash equivalents		(66,448,066,936)	44,135,070,451
60	Cash and cash equivalents at the beginning of the year	4	86,293,880,449	41,936,191,471
61	Impact of exchange rate fluctuation		56,530,295	222,618,527
70	Cash and cash equivalents at the end of the year	4	19,902,343,808	86,293,880,449



Ms Pham Thu Trang
Chief Accountant

27 March 2018



Mr.Hideaki Maeomote
General Director

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2017 and for the year then ended

B09-DNPNT

1. CORPORATE INFORMATION

Baoviet Tokio Marine Insurance Company Limited ("The Company") was a joint-venture among Bao Viet Holdings, Commercial Union Assurance Company Plc and Tokio Marine and Fire Insurance Co., Ltd. The Company was established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5 August 1996 and subsequent amendments. The latest amendment license No. 65/GPDC1/KDBH issued by the Ministry of Finance on 8 July 2016 to amend the legal capital structure of shareholders.

Shareholders	Amount in VND	Percentage
Tokio Marine Asia Pte., Ltd.	153,000,000,000	51%
Bao Viet Holdings	147,000,000,000	49%
	300,000,000,000	100%

Main activities of the Company are to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

Head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at Room 3, 19th Floor, Green Power Building, 35 Ton Duc Thang, District 1, Ho Chi Minh City.

Total number of employees of the Company as at 31 December 2017 is 123 people (as at 31 December 2016: 104 people).

2. BASIS OF PREPARATION

2.1. Accounting standard and system

The financial statements of the Company, which are expressed in Vietnam dong (VND), are prepared in accordance with Circular No. 232/2012/TT-BTC dated 28 December 2012 providing accounting guidance for non-life insurance, reinsurance and branch of foreign non-life insurance companies and the Circular No. 200/2014/TT-BTC dated 22 December 2014 ("Circular 200") about the accounting regime for enterprises and in accordance with Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

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

Accordingly, the accompanying balance sheet, income statement, cash flow statement and related notes, including their utilization 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.

2.2. Registered accounting documentation system

Company's applied accounting documentation system is the journal ledger system.

2.3. Fiscal year

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

2.4. Accounting currency

The financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1. Changes in accounting policies and disclosures**

Accounting policies that the Company applied are consistent with the accounting policies for the preparation of the financial statements for the year ended 31 December 2016.

3.2. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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.

3.3. Receivables

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

Provision for impairment of trade receivables and other receivables will be made based on their overdue ages. For undue receivables but those were owned by indebted economic organizations which fall bankrupt or are undergoing dissolution procedures, debtors are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, these undue receivables should be estimated the irrecoverable loss for appropriating the provision. The increase or decrease to the provision balance is recorded as the administration expense in the income statement.

The Company uses the provision policy regulated by the MoF in Circular 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") issued by the Ministry of Finance and Circular 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance ("Circular 89"), which provides the amendments and supplements to Circular 228. Details are as follows:

Overdue receivables	Allowance rate
Over six (6) months to less than one (1) year	30%
From one (1) to less than two (2) years	50%
From two (2) to less than three (3) years	70%
From three (3) years	100%

3.4. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the 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 income statement.

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

3.5. 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 bringing the intangible fixed asset to working condition for its intended use.

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

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

3.6. Depreciation and amortisation

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

Office equipment	3 - 7 years
Motor vehicles	6 - 10 years
Software	3 - 5 years

3.7. Prepaid expenses

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

3.8. Financial investments**3.8.1. Trading Securities**

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

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

Trading securities are stated at their acquisition cost.

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

3.8.2. Held to maturity investments

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

All held-to-maturity investments are initially recognized at cost and are subsequently recognized at cost during the holding period, except for debt securities.

Debt securities are initially recognized at par value as at the purchase date. Accumulated interest before the purchase date (for debt securities with interest payment in arrears) and prepaid interest (for debt securities with interest payment in advance) are recorded in separate accounts. Any discount or premium, which is the difference between original cost and the amount equal to par value plus (+) pre-acquisition interest (if any) or minus (-) prepaid interest waiting for amortization (if any), is recorded in a separate account.

In subsequent periods, debt securities are recognized at par value. Any discount or premium (if any) is amortized to the income statement using straight-line method over the estimated remaining term of the respective securities. Interest is accrued and recognized to the income statement using straight-line method based on nominal rate.

Investment held to maturity is considered for the possibility of decline in their value at each reporting date. Provision for any impairment loss is recognized in the income statement when its cost is more than the market value.

3.8.3. Provision for diminution in value of investment

Provision for impairment of investment is made with reference to Circular 228 and Circular 89. Details of the basis of determination of impairment of investment are as follows:

The market prices of listed securities on Hanoi Stock Exchange and on Ho Chi Minh City Stock Exchange are the closing prices as at 29 December 2017.

The market values of unlisted shares which have been registered in the unlisted public companies market ("UPCom") is the average price of the trading market at the date of provision.

3.9. Payables and accruals

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

3.10. Severance allowance

3.10.1. Post-employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the regulated rate of employee basic salaries and allowances. The Company has no further obligation concerning post-employment benefits for its employees other than this.

3.10.2. Unemployment benefits

According to Social Insurance Law No.71/2006/QH11 issued in 29 Jun 2006 and Decree No. 127/2008/ND-CP dated 12 December 2008 by the Government, the Unemployment insurance fund is implemented from 1 January 2009, to which, employees contribute 1% of their salary, employer contributes 1% of salary of their employees participating in the unemployment insurance, and the Government contributes 1% of salary of all those participating in the unemployment insurance from the State budget. Vietnam Social Insurance Agency is responsible for the collection, distribution and management of the fund.

3.11. Technical reserves

The technical reserves include (a) technical reserves for non-life insurance and (b) technical reserve of health insurance. The reserving methodologies are based on Circular No. 50/2017/TT-BTC dated 01 July 2017 issued by the Ministry of Finance ("Circular No. 50") as follows:

a) Technical reserves for non-life insurance

(i) Unearned premium reserve

The Company applied the daily basis to calculate unearned premium reserve for all types of insurance. The formula is as follow:

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

(ii) Claim reserves

Claim reserves include reserve for outstanding claims and for claims incurred but not reported ("IBNR").

- Outstanding claim reserve: to be set aside for each line of insurance according to estimates of indemnities for single covered loss have been reported or claimed but not yet resolved at the end of the fiscal year in accordance to Circular No. 50.
- Reserve for incurred but not reported claims for which the insurer is liable ("IBNR reserve"): is established based on the formula in Circular No. 50 as follows:

$$\begin{aligned}
 &\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} \\
 &= \frac{\text{Total indemnity for claims incurred but not reported as at the end of last 3 consecutive fiscal years}}{\text{Total indemnity for losses arising in the last 3 consecutive fiscal years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}}
 \end{aligned}$$

(iii) Catastrophe reserve

Catastrophe reserve is accrued annually until such reserve reaches 100% of the net written premium of the current fiscal year and is calculated at 3% of net written premiums.

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 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 regarding financial regulations for insurance enterprises. The company still allocates catastrophe reserve on the financial statements for the financial year ended at 31 December 2017.

b) Technical reserve of health insurance

(i) Mathematical reserve

As period of all health insurance policies issued by the Company is maximum 1 year so the Company do not apply mathematical reserves.

(ii) Unearned premiums reserve

Regarding insurance policies with a term of less than or equal to 1 year. Unearned premiums reserve is set aside as follows:

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

(iii) *Claim reserve*

- Outstanding claim reserve: to be set aside according to estimates of indemnities for single covered loss have been reported or claimed but not yet resolved at the end of the fiscal year in accordance to Circular No. 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established is established based on the formula in Circular No. 50 as follows:

$$\begin{array}{l}
 \text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} \\
 = \frac{\text{Total indemnity for claims incurred but not reported as at the end of last 3 consecutive fiscal years}}{\text{Total indemnity for losses arising in the last 3 consecutive fiscal years}} \times \frac{\text{Indemnity for losses arising in the current fiscal year}}{\text{Net operating revenue of current fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}}
 \end{array}$$

(iv) *Equalization reserve*

Equalization reserve for health insurance is established at 3% of net premium and recognised in catastrophe reserve account on balance sheet.

3.12. Foreign currency transactions

The Company follows the guidance under Vietnamese Accounting Standard No. 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") and Circular 200.

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution.
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

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

- Deposit assets are translated at buying exchange rate of the commercial bank where the company deposits;
- Monetary assets are translated at average buying exchange rate of the commercial banks where the company conducts transactions regularly;
- Monetary liabilities are translated at average selling exchange rate of the commercial banks where the company conducts transactions regularly.

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

3.13. Appropriation of net profits

Based on approval of the appropriate level of authority/Members' Council, net profit after tax shall be considered as dividend to investors/shareholders. Dividend shall be paid after consideration of any deduction of profit not for dividend and after making funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

- The Company Statutory reserve is set in order to supplement the Company's charter capital and ensure its solvency. This fund shall deduct 5% of the Company's annual profit after tax until it equals to 10% of the Company's charter capital based on Decree 73.
- Every year, the Company establishes Bonus and welfare fund. This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

3.14. Revenue recognition

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

(i) Gross written premium

Gross written premiums are recognized in accordance with Circular No. 50 on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches.

Gross written premium is recognized as revenue at the point of time when the insurance liability is incurred, specific as follow:

(1) *The insurance contract has been entered into by the insurer and the insured, and the insured has paid full premium; or*

(2) *There's evidence about coverage acceptance and the insured has paid full premium; or*

(3) *The insurance contract has been entered into by the insurer and the insured and there is agreement between the company and the insured for term payment of insurance premium, which in such case the insurer still should recognize as revenue the premium payables according to agreement in the insurance contract. The credit term shall not exceed 30 days from policy inception date. For instalment contracts, general insurers are required to record revenue from insurance premium of the first instalment on the insurance contract's effective date and record revenue from premium of the remaining instalments only when the policyholder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment, insurance contract shall automatically terminate after contractual premium payment date.*

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

Premium return and premium reduction are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

(ii) Interest

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

(iii) Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend in cash is established. According to Circular 200, if the Company receives the dividend in the form of share or the company is entitled to receive bonus share, only the number of share entitled will be reflected in the share portfolio of the Company.

3.15. Expense recognition

(i) Claim expense

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case that the final claim amount has not been finalized but the Company 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.

(ii) Commission expense

Commission is calculated for all products with specific percentages for each type of products, and in accordance with Circular No.50. Commission expenses are calculated as the percentages of premium revenue and are recognized in the income statement. Commission expense which incurred, however was not accounted in income statement shall be recorded in "short-term prepaid expense".

(iii) General & administration expense

Other administration expense is recognized when incurred.

3.16. Recognition of reinsurance activities

(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 Company and when gross written premiums within the scope of the facultative agreements are recognized.

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

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

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements for which the cedants have not sent their statement of accounts have been estimated based on statistical data and based on the cedants' own estimate.

Reinsurance assumed under facultative arrangement:

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

3.17. 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 income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

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

Deferred tax

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

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.

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 taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit (or loss).

The carrying amount of deferred income tax assets is reviewed 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 asset to be recovered. 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 be applied in the period when the asset is 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 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 Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- Either the same taxable entity; or
- When the company intends either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18. Use of estimates

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

4. CASH AND CASH EQUIVALENTS

	Ending balance VND	Beginning balance VND
Cash	19,902,343,808	28,523,130,449
Cash on hand (VND)	24,427,900	30,805,225
Cash at bank	19,877,915,908	28,492,325,224
<i>In which:</i>		
VND	11,226,916,845	19,974,863,691
Foreign currency	8,650,999,063	8,517,461,533
Cash equivalents	-	57,770,750,000
<i>In which:</i>		
VND	-	47,540,000,000
Foreign currency	-	10,230,750,000
	19,902,343,808	86,293,880,449

5. FINANCIAL INVESTMENTS

	Note	Ending balance VND	Beginning balance VND
TRADING SECURITIES			
Listed shares	5.1	3,430,000,000	3,430,000,v
Open - ended fund at BVBF		5,000,000,000	5,000,000,000
		8,430,000,000	8,430,000,000
HELD-TO-MATURITY INVESTMENTS			
Short-term		567,473,000,000	401,766,750,000
- Term deposits	5.2	567,473,000,000	401,766,750,000
Long-term		103,715,364,404	154,340,379,707
- Bonds	5.3	103,715,364,404	154,340,379,707
		671,188,364,404	556,107,129,707
NET VALUE OF INVESTMENTS		679,618,364,404	564,537,129,707

5.1. Listed shares

Share	Ending balance			Beginning balance		
	Quantity	Cost VND	Provision VND	Quantity	Cost VND	Provision VNDv
VNR	668,850	3,430,000,000	-	668,850	3,430,000,000	-

5.2. Term deposits

Short-term deposits in VND with interest rate ranging from 3.68% to 6.8% have original term of more than three (3) months and will mature in one year. Short term deposits in USD with interest rate of 0.00% p.a and will mature in one year.

5.3. Bonds

State Treasury bond carries a term 10 years with coupon interest rate 8.7% p.a. The detail as follows:

Bonds	Ending balance		Beginning balance	
	Face value VND	Carrying value VND	Face value VND	Carrying value VNDv
TD1419085	-	-	50,000,000,000	50,046,224,001
TD1424092	100,000,000,000	103,715,364,404	100,000,000,000	104,294,155,706
	100,000,000,000	103,715,364,404	150,000,000,000	154,340,379,707

6. CURRENT ACCOUNT RECEIVABLES

	Ending balance VND	Beginning balance VND
INSURANCE RECEIVABLES		
Gross written premium receivables	20,171,655,028	26,143,136,824
Premium receivable from the Insured	11,510,996,500	21,125,441,246
<i>In which:</i>		
<i>GS Battery Vietnam Co Ltd</i>	1,225,077,493	1,220,877,908
<i>Hino Motors Vietnam Co Ltd</i>	1,650,372,744	627,957,492
Premium receivable from brokers	8,152,497,786	4,234,102,224
<i>In which:</i>		
<i>AON Vietnam Limited Company</i>	5,965,931,741	2,899,539,889
<i>Gras Savoye Willis Vietnam Ltd Company</i>	1,375,029,410	1,209,185,264
Premium receivable from agents	508,160,742	783,593,354
Reinsurance assumed receivables	1,822,074,226	14,243,143,924
Reinsurance ceded receivables	19,151,355,878	16,024,192,405
Receivables from co-insurers	8,789,613,429	5,170,882,838
Claims recoveries from co-insurers	4,995,347,305	2,507,582,375
<i>In which:</i>		
<i>MSIG Insurance (Vietnam) Company Ltd.</i>	846,609,112	944,584,703
<i>United Insurance Company of Vietnam</i>	3,699,414,425	1,540,702,680
Other receivables from co-insurers	3,794,266,124	2,663,300,463
Other receivables from insurance business	68,436,316	51,802,941
	50,003,134,877	61,633,158,932

	Ending balance VND	Beginning balance VND
OTHER TRADE RECEIVABLES		
Receivables from claim handling services	1,975,091,988	4,843,905,178
Other trade receivables	11,948,200	287,326,534
	1,987,040,188	5,131,231,712
OTHER SHORT-TERM RECEIVABLES		
Bank deposit interest receivables	14,006,666,682	7,724,606,037
Bond coupon receivables	5,124,652,961	7,371,369,863
Deposit for third party claim handling service	900,000,000	900,000,000
Advances	159,660,808	81,358,469
Short-term mortgages, deposits	-	32,325,000
Other receivables	122,587,931	192,788,453
	20,313,568,382	16,302,447,822
TOTAL RECEIVABLES	72,303,743,447	83,066,838,466
Allowance for doubtful debts	(175,859,929)	-281,004,969
NET CURRENT ACCOUNT RECEIVABLES	72,127,883,518	82,785,833,497

7. UNALLOCATED COMMISSION EXPENSE

Unallocated commission expenses were the part of commission expenses which were not included in expenses of the year corresponding with direct and reinsurance unearned premium and will be allocated in subsequent years in accordance with Circular 232.

	Ending balance VND	Beginning balance VND
Opening balance	11,847,850,428	7,563,810,028
Paid commision during the year	33,982,235,597	28,842,603,829
Allocated commision during the year	(32,811,487,314)	(24,558,563,429)
Closing balance	13,018,598,711	11,847,850,428

8. COMPULSORY DEPOSITS

Compulsory deposit is denominated in USD. Under the prevailing regulation, the Company has to maintain statutory insurance deposit equivalent to 2% of its legal capital.

9. TANGIBLE FIXED ASSETS

Compulsory deposit is denominated in USD. Under the prevailing regulation, the Company has to maintain statutory insurance deposit equivalent to 2% of its legal capital.

	Motor vehicles VND	Office equipment VND	Total VND
COST:			
Beginning balance	4,890,172,359	4,294,853,063	9,185,025,422
<i>Additions during the year</i>	1,220,069,092	441,120,000	1,661,189,092
<i>Disposal during the year</i>	-2,248,805,087	-350,372,875	-2,599,177,962
Ending balance	3,861,436,364	4,385,600,188	8,247,036,552
ACCUMULATED DEPRECIATION:			
Beginning balance	-2,531,929,710	-3,765,239,130	-6,297,168,840
<i>Charge for the year</i>	-694,457,038	-324,872,251	-1,019,329,289
<i>Disposal during the year</i>	2,248,805,087	350,372,875	2,599,177,962
Ending balance	-977,581,661	-3,739,738,506	-4,717,320,167
NET BOOK VALUE:			
Beginning balance	2,358,242,649	529,613,933	2,887,856,582
Ending balance	2,883,854,703	645,861,682	3,529,716,385

10. INTANGIBLE FIXED ASSETS

	Software VND	Total VND
COST:		
Beginning balance	4,848,594,344	4,848,594,344
<i>Additions during the year</i>	445,000,000	445,000,000
Ending balance	5,293,594,344	5,293,594,344
ACCUMULATED DEPRECIATION:		
Beginning balance	(4,848,594,344)	(4,848,594,344)
<i>Charge for the year</i>	(10,197,914)	(10,197,914)
Ending balance	(4,858,792,258)	(4,858,792,258)
NET BOOK VALUE:		
Beginning balance	-	-
Ending balance	434,802,086	434,802,086

11. LONG-TERM PREPAID EXPENSE

	Ending balance VND	Beginning balance VND
Tools and equipment	1,215,854,736	774,366,224
Office renovations	1,046,076,423	225,974,813
Others	1,895,457,511	932,495,814
	4,157,388,670	1,932,836,851

12. TRADE PAYABLES

	Ending balance VND	Beginning balance VND
INSURANCE PAYABLES		
Payables for ceded activities	80,659,232,987	76,241,047,832
Payables to co-insurers	4,415,137,967	6,157,952,497
Commission payables	3,668,516,697	2,689,020,445
Other payables from insurance business	533,530,603	656,024,807
	89,276,418,254	85,744,045,581
OTHER TRADE PAYABLES		
Assessment fee for Financial Risk and Credit Policies	451,370,877	1,111,618,075
IT Advisory fee	1,925,429,856	1,083,984,827
Reserved funds for fire and explosion compulsory fund and TPL compulsory of motor fund	235,831,864	193,785,465
Survey fee payable	236,929,626	140,910,175
Other trade payables	1,927,391,118	1,034,080,859
	4,776,953,341	3,564,379,401
	94,053,371,595	89,308,424,982

13. TAXES AND OTHER STATUTORY OBLIGATIONS

	Beginning balance VND	Movement during the year		Ending balance VND
		Payables VND	Paid VND	
Value added tax	2,468,663,534	21,201,332,606	(21,225,152,835)	2,444,843,305
Corporate income tax	3,554,224,148	21,858,407,873	(20,319,438,084)	5,093,193,937
Personal income tax	71,237,889	4,472,303,694	(4,381,759,246)	161,782,337
Foreign contractor tax	3,948,257,517	732,027,154	(751,095,589)	3,929,189,082
	10,042,383,088	48,264,071,327	(46,677,445,754)	11,629,008,661

14. UNEARNED COMMISSION REVENUE

Unearned commission revenue was the part of commission which was not included in revenue of the year corresponding with reinsurance ceded unearned premium and will be allocated in subsequent year in accordance with Circular 232.

	Ending balance VND	Beginning balance VND
Opening balance	26,478,534,828	18,894,540,306
Increased during the year	63,874,582,610	62,870,551,668
Allocated during the year	(64,981,126,026)	(55,286,557,146)
Closing balance	25,371,991,412	26,478,534,828

15. OTHER SHORT – TERM PAYABLES

	Ending balance VND	Beginning balance VND
Social insurance payables	-	2,268,795
Payables on management fee at BVF	216,615,792	395,006,001
Other payables	35,544,569	49,085,690
	252,160,361	446,360,486

16. TECHNICAL RESERVES

16.1. Unearned premium reserve and claim reserve

	Reserve for direct insurance and inward reinsurance VND	Reserve for outward reinsurance VND	Net reserve VND
Beginning balance			
Unearned premium reserve	163,470,606,246	(114,707,033,147)	48,763,573,099
Unearned premium reserve	163,470,606,246	(114,707,033,147)	48,763,573,099
Claim reserves	530,608,539,894	(468,250,520,158)	62,358,019,736
Outstanding claim reserve	520,736,190,124	(468,250,520,158)	52,485,669,966
Incurred but not reported claim reserve	9,872,349,770	-	9,872,349,770
Total	694,079,146,140	(582,957,553,305)	111,121,592,835
Ending balance			
Unearned premium reserve	164,656,991,842	(105,276,332,488)	59,380,659,354
Unearned premium reserve	164,656,991,842	(105,276,332,488)	59,380,659,354
Claim reserves	534,871,449,007	(463,458,240,185)	71,413,208,822
Outstanding claim reserve	521,451,946,779	(463,458,240,185)	57,993,706,594
Incurred but not reported claim reserve	13,419,502,228	-	13,419,502,228
Total	699,528,440,849	(568,734,572,673)	130,793,868,176

16.1.1. Unearned premium reserve

Unearned Gross and Assumed Premium Reserves

Product	Ending balance VND	Beginning balance VND
Health and Personal Accident Insurance	18,156,551,775	20,440,241,287
Property and Damages Insurance	85,881,933,063	96,352,095,822
Cargo Insurance	8,244,004,927	8,698,695,039
Automobile Insurance	11,461,120,371	8,570,899,946
Fire Insurance	375,817,397	546,162,880
Marine Hull and P&I Insurance	403,170,747	346,915,400
Liability Insurance	21,316,780,062	10,807,898,140
Business Risk Insurance	6,076,587,351	4,762,177,461
Financial Risk and Credit Insurance	12,741,026,149	12,945,520,271
	164,656,991,842	163,470,606,246

Unearned ceded premium reserve (Reinsurance assets)

Product	Ending balance VND	Beginning balance VND
Health and Personal Accident Insurance	1,675,400,438	1,270,028,617
Property and Damages Insurance	75,561,549,034	87,876,236,158
Cargo Insurance	1,838,280,918	1,960,071,931
Automobile Insurance	16,147,415	5,941,634
Fire Insurance	246,693,810	431,032,760
Marine Hull and P&I Insurance	400,053,440	344,420,726
Liability Insurance	8,090,513,858	5,892,411,181
Business Risk Insurance	5,856,858,425	4,628,645,883
Financial Risk and Credit Insurance	11,590,835,150	12,298,244,257
	105,276,332,488	114,707,033,147

16.1.2. Claim reserve

Direct and Reinsurance assumed claim reserve

Product	Ending balance VND	Beginning balance VND
Health and Personal Accident Insurance	7,039,836,348	10,705,200,668
Property and Damages Insurance	431,594,885,438	444,404,849,221
Cargo Insurance	57,103,559,291	40,214,567,737
Automobile Insurance	2,979,863,535	2,326,049,544
Fire Insurance	3,411,750,000	-
Marine Hull and P&I Insurance	370,000,000	370,000,000
Liability Insurance	6,662,289,490	3,426,633,441
Business Risk Insurance	13,749,392,289	21,898,337,915
Financial Risk and Credit Insurance	11,959,872,616	7,262,901,368
	534,871,449,007	530,608,539,894

Reinsurance ceded claim reserve (Reinsurance assets)

Product	Ending balance VND	Beginning balance VND
Health and Personal Accident Insurance	-	2,000,000
Property and Damages Insurance	407,907,826,226	429,385,947,950
Cargo Insurance	27,348,908,422	10,080,338,260
Fire Insurance	3,241,162,500	-
Marine Hull and P&I Insurance	369,877,900	369,877,900
Liability Insurance	982,419,635	1,630,020,840
Business Risk Insurance	13,398,281,525	19,917,813,312
Financial Risk and Credit Insurance	10,209,763,977	6,864,521,896
	463,458,240,185	468,250,520,158

16.2. Catastrophe reserve

Product	Ending balance VND	Beginning balance VND
Health and Personal Accident Insurance	7,564,009,412	10,458,924,127
Property and Damages Insurance	5,825,717,297	5,059,324,171
Cargo Insurance	20,017,665,177	17,690,020,302
Automobile Insurance	9,463,446,603	8,555,911,119 v
Fire Insurance	228,230,467	221,752,785
Marine Hull and P&I Insurance	108,528,399	107,188,753
Liability Insurance	7,414,177,222	2,068,763,138
Business Risk Insurance	124,461,792	113,631,565
Financial Risk and Credit Insurance	261,680,628	133,607,492
	51,007,916,997	44,409,123,452

Catastrophe reserve is accrued annually and calculated at 3% of net written premiums. Details are as follow:

	Ending balance VND	Beginning balance VND
Opening balance	44,409,123,452	38,599,953,483
Increased during the year	6,598,793,545	5,809,169,969
Closing balance	51,007,916,997	44,409,123,452

17. OWNERS' EQUITY

17.1. Increase and decrease in owners' equity

	Contributed chartered capital VND	Statutory reserve fund (*) VND	Undistributed after-tax profits VND	Foreign exchange translation reserve (**) VND	Total VND
Previous year					
Beginning balance	300,000,000,000	30,000,000,000	96,375,292,415	31,520,800,000	457,896,092,415
Dividends paid	-	-	(75,428,585,159)	-	(75,428,585,159)
Profit for the year	-	-	78,560,513,684	-	78,560,513,684
Appropriation of profit to bonus and welfare fund	-	-	(3,928,025,695)	-	(3,928,025,695)
Ending balance	300,000,000,000	30,000,000,000	95,579,195,245	31,520,800,000	457,099,995,245
Current year					
Beginning balance	300,000,000,000	30,000,000,000	95,579,195,245	31,520,800,000	457,099,995,245
Dividends paid	-	-	(73,552,478,168)	-	(73,552,478,168)
Profit for the year	-	-	83,405,478,170	-	83,405,478,170
Appropriation of profit to bonus and welfare fund	-	-	(4,170,273,696)	-	(4,170,273,696)
Ending balance	300,000,000,000	30,000,000,000	101,261,921,551	31,520,800,000	462,782,721,551

(*) As Decree 73, insurance businesses are required to appropriate 5% annual profit after tax to set up statutory reserve fund until it reaches 10% of the chartered capital.

(**) The balance of foreign exchange translation reserve of VND 31,520,800,000 as at 31 December 2017 represents the foreign exchange difference resulted from the conversion of accounting currency from USD to VND in 2008.

17.2. Contributed charter capital

	Charter capital amount VND	Percentage of ownership %	Contributed charter capital VND	Uncontributed charter capital VND
Foreign party:				
Tokio Marine Asia Pte. Ltd	153,000,000,000	51%	153,000,000,000	-
Vietnamese party:				
Bao Viet Holdings	147,000,000,000	49%	147,000,000,000	-
	300,000,000,000	100%	300,000,000,000	-

18. REVENUE

	Current year VND	Previous year VND
Gross written premiums	459,184,627,927	421,037,133,130
Deductions	(6,817,960,600)	(4,775,084,483)
Net direct premium	452,366,667,327	416,262,048,647
Reinsurance assumed premiums	52,900,703,681	66,523,664,749
Deductions	(232,786,292)	(157,263,974)
Net assumed premium	52,667,917,389	66,366,400,775
Increase in un-earned premium reserve	(1,186,385,596)	(34,768,646,474)
	503,848,199,120	447,859,802,948

18.1. Gross written premiums

Product	Current year VND	Previous year VND
Health and Personal Accident Insurance	49,460,546,828	56,057,882,953
Property and Damages Insurance	164,317,260,074	163,489,286,705
Cargo Insurance	100,513,183,476	97,425,718,537
Automobile Insurance	30,298,797,685	24,744,422,416
Fire Insurance	318,490,931	422,499,296
Marine Hull and P&I Insurance	2,606,977,068	4,138,292,827
Liability Insurance	52,645,433,099	25,703,903,525
Business Risk Insurance	12,019,615,818	11,054,524,764
Financial Risk and Credit Insurance	40,186,362,348	33,225,517,624
	452,366,667,327	416,262,048,647

18.2. Reinsurance assumed premiums

Product	Current year VND	Previous year VND
Health and Personal Accident Insurance	210,395,915	194,453,903
Property and Damages Insurance	43,083,255,641	59,940,278,803
Cargo Insurance	1,838,757,347	2,533,437,197
Fire Insurance	475,234,257	772,171,105
Liability Insurance	4,026,627,981	1,804,494,202
Business Risk Insurance	715,350,293	337,808,723
Financial Risk and Credit Insurance	2,318,295,955	783,756,842
	52,667,917,389	66,366,400,775

19. REINSURANCE PREMIUMS CEDED

	Current year VND	Previous year VND
Reinsurance premium ceded	285,074,798,717	288,989,450,445
Decrease/(increase) in ceded premium reserve	9,430,700,659	(28,947,746,523)
	294,505,499,376	260,041,703,922

19.1. Reinsurance premium ceded

Product	Current year VND	Previous year VND
Health and Personal Accident Insurance	3,545,531,319	3,077,654,675
Property and Damages Insurance	181,855,297,688	203,093,118,060
Cargo Insurance	24,763,778,235	19,007,599,989
Automobile Insurance	47,614,895	14,297,683
Fire Insurance	577,802,467	970,726,547
Marine Hull and P&I Insurance	2,562,322,231	4,234,294,139
Liability Insurance	21,112,939,532	15,281,278,557
Business Risk Insurance	12,373,958,560	11,105,734,240
Financial Risk and Credit Insurance	38,235,553,790	32,204,746,555
	285,074,798,717	288,989,450,445

20. COMMISSION ON REINSURANCE CEDED AND OTHER INSURANCE INCOME

	Current year VND	Previous year VND
Commission on reinsurance ceded	64,981,126,026	55,286,557,146
Other income from insurance activities	10,086,669,600	10,068,423,498
	75,067,795,626	65,354,980,644

20.1. Commission on reinsurance ceded

Product	Current year VND	Previous year VND
Health and Personal Accident Insurance	56,416,185	23,297,365
Property and Damages Insurance	46,045,773,418	40,914,040,189
Cargo Insurance	3,053,827,871	2,451,441,049
Automobile Insurance	7,984,407	2,800,632
Fire Insurance	191,978,055	264,915,214
Marine Hull and P&I Insurance	693,906,656	889,007,194
Liability Insurance	4,528,512,182	3,179,990,238
Business Risk Insurance	2,893,581,906	2,282,153,404
Financial Risk and Credit Insurance	7,509,145,346	5,278,911,861
	64,981,126,026	55,286,557,146

20.2. Other income from insurance

	Current year VND	Previous year VND
Claim settling Agent income	7,851,756,846	7,087,240,920
Handling charge income	1,398,242,512	1,413,120,948
Other income	836,670,242	1,568,061,630
	10,086,669,600	10,068,423,498

21. CLAIM EXPENSES

	Current year VND	Previous year VND
Direct claim expenses and claim expenses on inward reinsurance	255,570,849,151	116,729,920,563
<i>Direct claim expense</i>	239,758,781,740	113,390,968,396
<i>Claim expense on inward reinsurance</i>	15,812,067,411	3,338,952,167
Recovery from third party, recovery from 100% compensated goods	(18,613,472,399)	(6,013,966,002)
Recovery from reinsurance ceded	(159,959,136,050)	(57,820,683,181)
Increase in gross claim reserve and reinsurance assumed claim reserve	4,262,909,113	282,412,375,308
Decrease/(increase) in outward reinsurance claim reserve	4,792,279,973	(263,481,805,065)
	86,053,429,788	71,825,841,623

21.1. Direct claim expense

Product	Current year VND	Previous year VND
Health Insurance and Personal Accident Insurance	20,159,783,871	25,069,131,655
Property and Damages Insurance	137,769,146,318	39,226,514,800
Cargo Insurance	39,197,433,678	14,839,779,090
Automobile Insurance	8,687,850,763	9,035,290,690
Fire Insurance	23,970,000	-
Marine Hull and P&I Insurance	6,360,171	-
Liability Insurance	9,271,511,239	9,617,574,349
Business Risk Insurance	19,362,528,298	11,490,259,830
Financial Risk and Credit Insurance	5,280,197,402	4,112,417,982
	239,758,781,740	113,390,968,396

21.2. Claim expenses on reinsurance assumed

Product	Current year VND	Previous year VND
Health Insurance and Personal Accident Insurance	5,429,387	15,304,013
Property and Damages Insurance	13,672,148,790	3,008,382,623
Cargo Insurance	1,936,096,136	198,803,310
Fire Insurance	197,753,871	-
Liability Insurance	639,227	116,462,221
	15,812,067,411	3,338,952,167

21.3. Recovery from reinsurance ceded

Product	Current year VND	Previous year VND
Health Insurance and Personal Accident Insurance	683,200	922,519
Property and Damages Insurance	126,722,610,022	33,711,046,922
Cargo Insurance	11,360,702,596	(394,105,389)
Automobile Insurance	58,575,875	-
Fire Insurance	184,570,214	-
Marine Hull and P&I Insurance	6,358,072	
Liability Insurance	276,505,730	9,567,353,770
Business Risk Insurance	17,476,119,222	11,161,668,276
Financial Risk and Credit Insurance	3,873,011,119	3,773,797,083
	159,959,136,050	57,820,683,181

22. OTHER OPERATING EXPENSES

	Current year VND	Previous year VND
Underwriting risk survey expenses	1,382,052,963	1,552,486,132
Agent management fee	576,322,371	453,179,969
Handling charged	1,126,282,778	1,162,498,331
Loss prevention	17,430,936	7,088,500
Statutory contributions	856,830,054	754,065,896
Other expenses	2,048,418,924	2,550,611,037
	6,007,338,026	6,479,929,865

23. FINANCE INCOME

	Current year VND	Previous year VND
Interest income from deposits	18,025,735,940	11,924,268,931
Gains from trusted investment in BVF	19,654,515,506	25,177,111,913
Dividend received from Vinare	802,620,000	1,003,275,000
Revaluation foreign exchange gains at the year end	-	1,547,785,609
Realised foreign exchange gains during the year	1,077,690,466	1,530,631,590
	39,560,561,912	41,183,073,043

24. FINANCE EXPENSE

	Current year VND	Previous year VND
Management fee	1,034,316,063	7,836,977,663
Revaluation foreign exchange losses at the year end	75,600,358	-
Realised foreign exchange losses during the year	950,700,607	1,602,144,947
	2,060,617,028	9,439,122,610

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Current year VND	Previous year VND
Employee expense	56,157,103,447	43,893,913,920
Material, tool and equipment expense	2,812,615,807	1,792,809,168
IT consultancy fee	6,821,432,640	8,095,544,521
Depreciation expense	1,029,527,203	1,423,881,387
Tax, fee, and charge	513,439,727	553,509,389
Office rental and office renewal expense	7,859,881,616	8,634,560,199
Outsourcing expenses	11,182,408,103	14,255,252,099
(Reversal of provision)/provision for doubtful debts	(105,145,040)	240,133,465
Other expenses	30,000,000	10,962,198
	86,301,263,503	78,900,566,346

26. OTHER INCOME AND EXPENSES

	Current year VND	Previous year VND
Gain from disposal assets	1,146,909,089	363,636,364
Other income	-	17,479,887
	1,146,909,089	381,116,251
Other expenses	21,151,124	123,789,926
Net other profit	1,125,757,965	257,326,325

27. CORPORATE INCOME TAX

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

The Corporation's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

	Current year VND	Previous year VND
Current tax expense	21,858,407,873	18,755,558,398
Deferred tax expense	-	284,213,114
	21,858,407,873	19,039,771,512

27.1. Corporate income tax expense

The reconciliation between accounting profit and taxable profit is presented as follows:

	Current year VND	Previous year VND
Accounting profit before tax	105,263,886,043	97,600,285,196
At CIT rate of 20%	21,052,777,209	19,520,057,039
<i>Adjustments to increase</i>		
<i>Non-deductible expenses</i>	199,924,094	464,384,677
<i>Members' council remuneration</i>	115,161,664	85,130,000
<i>Other increase</i>	755,602,770	247,391,741
<i>Adjustments to decrease</i>		
<i>Dividend income</i>	(160,524,000)	(200,655,000)
<i>Other decrease</i>	(104,533,864)	(1,076,536,945)
CIT expense	21,858,407,873	19,039,771,512

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

27.2. Deferred corporate income tax

The followings are the deferred tax assets and deferred tax liability recognized by the Company, and the movements thereon, during the current and previous years:

	Balance sheet		Effect on the income statement	
	Ending balance VND	Beginning balance VND	Current year VND	Previous year VND
Year end revaluation of assets denominated in foreign currencies	7,489,275,211	7,489,275,211	-	284,213,114
Deferred tax expense	7,489,275,211	7,489,275,211	-	284,213,114

28. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has contractual commitments for the rental of offices and apartment as follows:

	Ending balance VND	Previous year VND
Commitments for the rental of offices and apartment		
Less than 1 year	8,421,468,639	9,436,462,400
From 1 to 5 years	10,254,600,000	1,281,864,100
	18,676,068,639	10,718,326,500
Other off-balance sheet items		
Insurance policies signed but not yet effective (VND)	19,219,261,042	9,205,215,794
Ceded Insurance policies signed but for which no obligations have arisen on the part of the Company (VND)	8,030,848,486	4,708,337,195
Foreign currency (USD)	3,956,604	5,249,647

29. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Transactions	Current year	Previous year
Tokio Marine Asia Pte. Ltd	Joint-Owner	Dividend paid	(37,511,763,866)	(36,960,006,832)
		Consultancy fee of IT	(3,227,340,641)	(4,384,371,721)
		Consultancy fee of internal audit, compliance and risk management	(186,299,693)	-
		Underwriting risk survey fee	(547,009,059)	(710,784,470)
Bao Viet Holdings	Joint-Owner	Dividend paid	(36,040,714,302)	(38,468,578,432)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Reinsurance inward premiums	1,781,385,541	2,051,575,967
		Reinsurance inward commission	(444,616,381)	(402,658,489)
		Reinsurance inward claim expense	(7,404,417,013)	(192,016,825)
		Reinsurance outward premiums	(38,133,882,676)	(51,216,517,356)
		Reinsurance outward Commission	10,394,422,262	14,282,822,281
		Claim recovery reinsurance outward	27,747,165,820	12,984,098,149
		Handling charge	(8,904,609)	(3,158,726)
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte.Ltd	Claims Settling Agent Fee	6,992,268,952	6,369,251,034
		Reinsurance outward premiums	(60,223,038,880)	(71,493,753,886)
		Reinsurance outward Commission	12,631,980,870	13,769,136,001
		Claim recovery reinsurance outward	52,807,172,094	3,454,403,053

Amounts due to and due from related parties as at 31 December 2017 and 2016 were as follows:

Related parties	Relationship	Transactions	Ending balance Receivables/ (Payables) VND	Beginning balance Receivables/ (Payables) VND
Tokio Marine Asia Pte. Ltd	Joint-Owner	Consultancy fee of IT payables	(1,925,429,856)	(1,083,984,827)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Reinsurance outward payables	(6,786,485,086)	(13,623,483,336)
		Reinsurance outward receivables	1,325,106,930	1,979,203,739
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte.Ltd	Claims Settling Agent Fee receivables	1,971,516,665	4,843,905,178
		Reinsurance outward payables	(8,494,505,996)	(8,026,372,817)
		Reinsurance outward receivables	2,407,983,287	935,931,450

Remuneration of the Members' Council during the year: VND 575,808,319.

The Members' Council remuneration policies are in accordance with the decision of Members' Council and in consistence with those applied in the financial year ended at 31 December 2016.

30. RISK MANAGEMENT FRAMEWORK

30.1. Governance framework

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

The Company has established a risk management function which agreed clear terms of reference from the Members' Council and other committee. This function is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Members' Council to Board of Management and other senior management. A policy framework has been developed and implemented which sets out the Company's risk profiles; risk management; control and business conduct standards for the Company's operations. Each policy will be overseen by a member of the Board of Management on its compliance throughout the Company.

30.2. Risk management objectives, policies and processes for management of insurance risk

The primary insurance activity carried out by the Company is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

The Company 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.

30.3. Capital management and regulatory framework

The primary capital management objective of the Company is to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. The Company recognises the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance.

Regulatory capital requirements arise from the operations of the Company require the Company to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The principal solvency requirements that apply to the Company are those set out in Circular No. 50.

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 Company 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 Company and the solvency capital:

	Company Solvency Capital VND million	Minimum Solvency Margin VND million	Solvency Margin Ratio
31 December 2017	427,569	44,901	952.24%
31 December 2016	414,441	40,994	1,010.99%

The solvency ratio of the Company is calculated based on the relevant regulations promulgated by the Ministry of Finance in Vietnam.

30.4. Underwriting strategy

The Company'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.

30.5. Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. The amount of each risk retained depends on the Company’s evaluation of the specific risk, subject in certain circumstances, to maximize limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to pay the claim amount in the event the claim is paid. However, the Company 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 the Company’s credit rating standard, either assessed from public rating information or internally investigations, will be used.

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. The following gives details of the Company’s main products and the ways in which it manages the associated risks.

31.1. Insurance risk

31.1.1. General insurance contracts

Assumptions, changes in assumptions and sensitivity analysis

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

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed 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.

The key method is based on Circular No. 50 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. 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR).

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

$$\begin{aligned}
 &\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} \\
 &= \frac{\text{Total indemnity for claims incurred but not reported as at the end of last 3 consecutive fiscal years}}{\text{Total indemnity for losses arising in the last 3 consecutive fiscal years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}}
 \end{aligned}$$

The Company issues general insurance contracts such as Health and Personal accident insurance, Property and Damages insurance, Cargo insurance, Automobile insurance, Fire insurance, Liability insurance, Business risk insurance, Marine hull and P&I insurance, Financial risk and Credit insurance. Risks under general insurance contracts usually cover twelve month duration.

The Company is exposed to risk of accumulation in view of the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi and Da Nang.

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, the general insurance has arranged the reinsurance protection for the fire, engineering, motor, marine hull & cargo, fishing vessels portfolios against the catastrophe events to minimize the risks.

For 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.

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.

The Company 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 risk appetite as decided by management. The management may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Claim development table

The table below presents estimates of net cumulative claim incurred and cumulative payment to date:

Currency: VND million

ITEMS	Accident year				
	2014	2015	2016	2017	Total
At end of accident year	1	2	3	4	
I. Estimate of cumulative claims incurred					
1	61,174	52,805	72,038	81,789	
2	62,498	57,991	72,569		
3	59,490	57,704			
4	58,458				
Current estimate of cumulative claims incurred (1)	58,458	57,704	72,569	81,789	270,520
II. Cumulative claim payment					
1	25,337	32,272	33,442	39,718	
2	51,449	50,732	62,803		
3	51,957	56,665			
4	53,373				
Cumulative claim payment to date (2)	53,373	56,665	62,803	39,718	212,559
III. Net outstanding claim reserve (3) = (1) - (2)	5,085	1,039	9,766	42,071	57,961
IV. Current estimate of surplus (4)	2,716	(4,899)	(531)	-	
V. Percentage of current estimate of surplus over current estimate of cumulative claims incurred (5) = (4)/(1)*100%	5%	(8%)	(1%)	-	

31.2. Financial risk

Transactions in financial instruments may result in the Company 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 Company manages these risks.

31.2.1. 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.

Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Management reviews and approves all equity investment decisions.

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 Company conducts business may affect its financial condition and results of operations. The foreign currency risk facing the Company mainly comes from movements in the USD/VND exchange rates. The Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

Major of the Company financial assets are denominated in VND which mitigates the foreign currency risk. With assets denominated in foreign currency, most of them are in USD.

31.2.2. Credit risk

The Company's portfolio of fixed maturity investments (included its deposit arrangement with commercial banks) is subject to credit risk. This risk is defined as the potential loss in market value resulting from adverse changes in borrowers or counterparties' ability to repay the debts. The Company'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 Company also has insurance and reinsurance receivables, 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 Company has established certain business and financial guidelines for reinsurer approval, incorporating ratings by major agencies and considering currently available market information. The Company also periodically reviews the financial stability of reinsurers from public and other sources and the settlement trend of amounts due from reinsurers.

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2017 are as follows:

31 December 2017	Not yet due VND	Past-due but not individually impaired VND	Individually impaired VND	Total VND
Financial instruments				
Available-for-sale	112,145,364,404	-	-	112,145,364,404
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	103,715,364,404	-	-	103,715,364,404
Loans and receivables	649,293,489,906	-	512,846,291	649,806,336,197
Term deposits	567,473,000,000	-	-	567,473,000,000
Statutory deposit	8,499,375,000	-	-	8,499,375,000
Cash equivalents	-	-	-	-
Insurance receivables	49,490,288,586	-	512,846,291	50,003,134,877
Other receivables from customers	1,987,040,188	-	-	1,987,040,188
Other assets	21,843,786,132	-	-	21,843,786,132
Cash	19,902,343,808	-	-	19,902,343,808
	781,341,198,118		512,846,291	781,854,044,409

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 Company 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 Company considers that interests and principals are not able to be recovered under the terms of the contracts.

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2016 are as follows:

31 December 2017	Not yet due VND	Past-due but not individually impaired VND	Individually impaired VND	Total VND
Financial instruments				
Available-for-sale	162,770,379,707	-	-	162,770,379,707
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	154,340,379,707	-	-	154,340,379,707
Loans and receivables	551,725,431,199	-	870,726,417	552,596,157,616
Term deposits	401,766,750,000	-	-	401,766,750,000
Statutory deposit	8,512,500,000	-	-	8,512,500,000
Cash equivalents	57,770,750,000	-	-	57,770,750,000
Insurance receivables	60,762,432,515	-	870,726,417	61,633,158,932
Other receivables from customers	5,131,231,712	-	-	5,131,231,712
Other assets	17,781,766,972	-	-	17,781,766,972
Cash	28,523,130,449	-	-	28,523,130,449
	743,018,941,355	-	870,726,417	743,889,667,772

31.2.3. Liquidity risk

The Company has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost.

Contractual maturity

The following table indicates contractual maturity of the income-earning financial assets and financial liabilities based on contractual undiscounted payments:

	Overdue VND	Up to one year VND	More than one year VND	No maturity date VND	Total VND
Ending balance					
Financial assets					
Available-for-sale	-	-	103,715,364,404	8,430,000,000	112,145,364,404
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	103,715,364,404	-	103,715,364,404
Loans and receivables	512,846,291	649,293,489,906	-	-	649,806,336,197
Term deposits	-	567,473,000,000	-	-	567,473,000,000
Statutory deposit	-	8,499,375,000	-	-	8,499,375,000
Cash equivalents	-	-	-	-	-
Insurance receivables	512,846,291	49,490,288,586	-	-	50,003,134,877
Other receivables from customers	-	1,987,040,188	-	-	1,987,040,188
Other assets	-	21,843,786,132	-	-	21,843,786,132
Cash	-	19,902,343,808	-	-	19,902,343,808
	512,846,291	669,195,833,714	103,715,364,404	8,430,000,000	781,854,044,409
Financial liabilities					
Trade payables	-	94,053,371,595	-	-	94,053,371,595
Other payables	-	252,160,362	-	-	252,160,362
		94,305,531,957			94,305,531,957
Net liquidity	512,846,291	574,890,301,757	103,715,364,404	8,430,000,000	687,548,512,452

	Overdue VND	Up to one year VND	More than one year VND	No maturity date VND	Total VND
Beginning balance					
Financial assets					
Available-for-sale	-	-	154,340,379,707	8,430,000,000	162,770,379,707
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	154,340,379,707	-	154,340,379,707
Loans and receivables	870,726,417	551,725,431,199	-	-	552,596,157,616
Term deposits	-	401,766,750,000	-	-	401,766,750,000
Statutory deposit	-	8,512,500,000	-	-	8,512,500,000
Cash equivalents	-	57,770,750,000	-	-	57,770,750,000
Insurance receivables	870,726,417	60,762,432,515	-	-	61,633,158,932
Other receivables from customers	-	5,131,231,712	-	-	5,131,231,712
Other assets	-	17,781,766,972	-	-	17,781,766,972
Cash	-	28,523,130,449	-	-	28,523,130,449
	870,726,417	580,248,561,648	154,340,379,707	8,430,000,000	743,889,667,772
Financial liabilities					
Trade payables	-	89,308,424,982	-	-	89,308,424,982
Other payables	-	446,360,486	-	-	446,360,486
	-	89,754,785,468	-	-	89,754,785,468
Net liquidity	870,726,417	490,493,776,180	154,340,379,707	8,430,000,000	654,134,882,304

32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2017:

	31 December 2017				Fair value (VND)
	Cost (VND)	Accrued interest (VND)	Provision (VND)	Total (VND)	
Financial assets					
Available for sale	112,145,364,404	5,124,652,961	-	117,270,017,365	130,318,297,365
Listed shares	8,430,000,000	-	-	8,430,000,000	21,478,280,000
Treasury bonds	103,715,364,404	5,124,652,961	-	108,840,017,365	108,840,017,365
Loan and receivables	649,806,336,197	14,006,666,682	(175,859,929)	663,637,142,950	663,637,142,950
Term deposits	567,473,000,000	14,006,666,682	-	581,479,666,682	581,479,666,682
Statutory deposit	8,499,375,000	-	-	8,499,375,000	8,499,375,000
Cash equivalents	-	-	-	-	-
Insurance receivables	50,003,134,877	-	(175,859,929)	49,827,274,948	49,827,274,948
Other receivables from customers	1,987,040,188	-	-	1,987,040,188	1,987,040,188
Other assets	21,843,786,132	-	-	21,843,786,132	21,843,786,132
Cash	19,902,343,808	-	-	19,902,343,808	19,902,343,808
	781,854,044,409	19,131,319,643	(175,859,929)	800,809,504,123	813,857,784,123
Financial liabilities					
Trade payables	94,053,371,595	-	-	94,053,371,595	94,053,371,595
Other payables	252,160,362	-	-	252,160,362	252,160,362
	94,305,531,957	-	-	94,305,531,957	94,305,531,957

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2016:

	31 December 2016				Fair value (VND)
	Cost (VND)	Accrued interest (VND)	Provision (VND)	Total (VND)	
Financial assets					
Available for sale	162,770,379,707	7,371,369,863	-	170,141,749,570	181,293,869,570
Listed shares	8,430,000,000	-	-	8,430,000,000	19,582,120,000
Treasury bonds	154,340,379,707	7,371,369,863	-	161,711,749,570	161,711,749,570
Loan and receivables	552,596,157,616	7,724,606,037	(281,004,969)	560,039,758,684	560,039,758,684
Term deposits	401,766,750,000	7,639,375,426	-	409,406,125,426	409,406,125,426
Statutory deposit	8,512,500,000	-	-	8,512,500,000	8,512,500,000
Cash equivalents	57,770,750,000	85,230,611	-	57,855,980,611	57,855,980,611
Insurance receivables	61,633,158,932	-	(281,004,969)	61,352,153,963	61,352,153,963
Other receivables from customers	5,131,231,712	-	-	5,131,231,712	5,131,231,712
Other assets	17,781,766,972	-	-	17,781,766,972	17,781,766,972
Cash	28,523,130,449	-	-	28,523,130,449	28,523,130,449
	743,889,667,772	15,095,975,900	(281,004,969)	758,704,638,703	769,856,758,703
Financial liabilities					
Trade payables	89,308,424,982	-	-	89,308,424,982	89,308,424,982
Other payables	446,360,486	-	-	446,360,486	446,360,486
	89,754,785,468	-	-	89,754,785,468	89,754,785,468

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

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

- Fair value of cash and cash equivalents, short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

Where there is no observable market value, and it is not possible to determine the fair value, the financial assets and liabilities are carried at cost.

33. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Company.



Ms Pham Thu Trang
Chief Accountant

27 March 2018



Mr. Hideaki Maeomote
General Director

one
more
view for
added
values

one
more
smile

one
more
positive
thought



one
more
step
toward
solution

one
more
innovative
idea

BAO VIET TOKIO MARINE

Annual Report 2017



Hanoi Head Office

6th Floor, Sun Red River Building, 23 Phan Chu Trinh,
Hoan Kiem Dist, Hanoi, Vietnam
Tel: (84.24) 3933 0704 | Fax: (84.24) 3933 0706

Ho Chi Minh Branch Office

19th Floor, Green Power Building, 35 Ton Duc Thang,
Dist. 1, Ho Chi Minh City, Vietnam
Tel: (84.28) 3822 1340 | Fax: (84.28) 3822 1338