



**BAKER TILLY  
A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C  
A&C AUDITING AND CONSULTING CO., LTD.**



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR  
ENDED 31 DECEMBER 2017**

**POST-TELECOMMUNICATION  
JOINT STOCK INSURANCE  
CORPORATION**

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**REPORT OF THE MANAGEMENT BOARD**

The Management Board of Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation") presents this report together with the consolidated financial statements for the fiscal year ended 31 December 2017 including the combined financial statements of the Corporation and its subsidiaries (generally called "the Group").

**Business highlights**

Post-Telecommunication Joint Stock Insurance Corporation has been operating in accordance with the Business License No. 3633/GP-UB dated 1 August 1998 granted by Hanoi People Committee with the operation duration of 25 years.

During the operation course, the Corporation has been 20 times granted by the Ministry of Finance with the Amended Licenses regarding the increase of charter capital and the additional establishment of affiliates.

**Head office**

Address : Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City  
Telephone : 0243 772 4466  
Fax : 0243 772 4460  
Tax code : 0100774631

**The Corporation has affiliates as follows:**

Name	Address
1 Ho Chi Minh Post-Telecommunication Insurance Company	Floor 11, Viettel Tower, No. 285 Cach Mang Thang Tam, Ward 12, District 10, Ho Chi Minh City
2 Da Nang Post-Telecommunication Insurance Company	Floor 5, Da Nang Post Office Building, 271 Pham Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City
3 Hai Phong Post-Telecommunication Insurance Company	Building No. 2, Lot 28A Le Hong Phong, Ngo Quyen District, Hai Phong City
4 Can Tho Post-Telecommunication Insurance Company	No. 40, Vo Van Kiet Road, An Hoa Ward, Ninh Kieu District, Can Tho City
5 Northern Midland Post-Telecommunication Insurance Company	No. 16 Nguyen Thi Minh Khai, Vinh City, Nghe An Province
6 Northern Post-Telecommunication Insurance Company	Nguyen Tat Thanh Road, Trung Vuong, Viet Tri City, Phu Tho Province
7 Dong Nai Post-Telecommunication Insurance Company	No. R64, R65 Vo Thi Sau prolonged, Thong Nhat Ward, Bien Hoa City, Dong Nai Province
8 Highland Post-Telecommunication Insurance Company	27 Tran Khanh Du, Tan Loi Ward, Buon Ma Thuot City, Dak Lak Province
9 Southern Midland Post-Telecommunication Insurance Company	No. 2 Le Thanh Phuong Road, Nha Trang City, Khanh Hoa Province
10 Ca Mau Post-Telecommunication Insurance Company	No. 3 Luu Tan Tai, Ward 5, Ca Mau City
11 Binh Dinh Post-Telecommunication Insurance Company	Floor 4, No. 2 Tran Thi Ky, Quy Nhon City, Binh Dinh Province
12 Binh Duong Post-Telecommunication Insurance Company	No. 150 Ngo Gia Tu Road, Chanh Nghia Ward, Thu Dau Mot City, Binh Duong Province
13 Quang Ninh Post-Telecommunication Insurance Company	No. 164 Le Thanh Tong, Bach Dang Ward, Ha Long City, Quang Ninh Province



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

REPORT OF THE MANAGEMENT BOARD (cont.)

Name	Address
14 Thanh Hoa Post-Telecommunication Insurance Company	Floor 5, No. 11 Hac Thanh, Dien Bien Phu Ward, Thanh Hoa City
15 Thua Thien Hue Post-Telecommunication Insurance Company	Floor 2, Building No. 51 Hai Ba Trung, Hue City, Thua Thien Hue Province
16 Thang Long Post-Telecommunication Insurance Company	Hoa Dang Building, No. 290 Nguyen Trai, Trung Van Ward, Nam Tu Liem District, Hanoi
17 An Giang Post-Telecommunication Insurance Company	No. 5/2 Ton Duc Thang Road, My Binh Ward, Long Xuyen City, An Giang Province
18 Long An Post-Telecommunication Insurance Company	No. 37-39 Road 5, Ward 6, Tan An City, Long An Province
19 Vinh Phuc Post-Telecommunication Insurance Company	No. 2, Ngo Quyen Road, Vinh Yen Town, Vinh Phuc Province
20 Sai Gon Post-Telecommunication Insurance Company	Room 2-3, Floor 3, Dali Tower, 24 Phan Dang Luu, Ward 6, Binh Thanh District, Ho Chi Minh City
21 Bac Ninh Post-Telecommunication Insurance Company	Lot B94, Kinh Duong Vuong Road, Vu Ninh Ward, Bac Ninh City, Bac Ninh Province
22 Lao Cai Post-Telecommunication Insurance Company	No. 121 Thanh Nien Road, Duyen Hai Ward, Lao Cai City, Lao Cai Province
23 Southern Red River Post-Telecommunication Insurance Company	No. 8, Le Dai Hanh Road, Thanh Binh Ward, Ninh Binh City, Ninh Binh Province
24 Ben Thanh Post-Telecommunication Insurance Company	No. 253 Dien Bien Phu, Ward 7, District 3, Ho Chi Minh City
25 Hanoi Post-Telecommunication Insurance Company	Floor 2, Natural Resources and Environment Newspapers Building, Lot E2 Cau Giay New Urban Area, Yen Hoa, Cau Giay, Hanoi
26 Hai Hung Post-Telecommunication Insurance Company	No. 106 Hong Quang, Quang Trung Ward, Hai Duong City, Hai Duong Province
27 Tien Giang Post-Telecommunication Insurance Company	No. 59, 30/4 Road, District 1, My Tho City, Tien Giang Province
28 Capital Post-Telecommunication Insurance Company	Floor 56, Building 95B, Thinh Hao Labor Quarter, O Cho Dua Ward, Dong Da District, Hanoi
29 Binh Tri Thien Area Post-Telecommunication Insurance Company	No. 146, Ly Thuong Kiet Road, Dong Hoi City, Quang Binh Province
30 Southern Representative Office	Floor 2, Thuy Loi 4 Building, No. 205 Nguyen Xi, Binh Thanh District, Ho Chi Minh City
31 Thong Nhat Post-Telecommunication Insurance Company	Floor 3, No. 170 Bui Thi Xuan, Pham Ngu Lao Ward, District 1, Ho Chi Minh City
32 Phu My Hung Post-Telecommunication Insurance Company	Floor 7, Loyal Building, No. 151-151 Bis Vo Thi Sau, Ward 6, District 3, Ho Chi Minh City
33 Vung Tau Post-Telecommunication Insurance Company	No. 408 Le Hong Phong, Vung Tau City, Ba Ria – Vung Tau Province
34 Thai Nguyen Post-Telecommunication Insurance Company	Floor 2, 9-floor Building, To Ngoc Van Street, Phan Dinh Phung Road, Group 11, Dong Quang Ward, Thai Nguyen City, Thai Nguyen Province
35 Gia Lai Post-Telecommunication Insurance Company	No. 69 Hung Vuong, Tay Son Ward, Pleiku City, Gia Lai Province



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

REPORT OF THE MANAGEMENT BOARD (cont.)

Name	Address
36 Ha Thanh Post-Telecommunication Insurance Company	Floor 5, Lac Hong Building, No. 85 Le Van Luong, Thanh Xuan, Hanoi
37 Nam Dinh Post-Telecommunication Insurance Company	Floor 3 ACB Building – Nam Dinh Branch, No. 67 Le Hong Phong, Nguyen Du Ward, Nam Dinh City
38 Hai Dang Post-Telecommunication Insurance Company	Floor 2 Thanh Dat 1 Building, No. 3 Le Thanh Tong Road, May To Ward, Ngo Quyen District, Hai Phong City
39 Trang An Post-Telecommunication Insurance Company	Floor 6, Building 434 Tran Khat Chan, Pho Hue Ward, Hai Ba Trung District, Hanoi City
40 Northwest Post-Telecommunication Insurance Company	Northern Tran Hung Dao Post Office, Hamlet 12, Su Ngoi Commune, Hoa Binh City, Hoa Binh
41 Au Lac Post-Telecommunication Insurance Company	Apartment No. 2, N7B Trung Hoa – Nhan Chinh Urban area, Nhan Chinh Ward, Thanh Xuan District, Hanoi
42 Soc Trang Post-Telecommunication Insurance Company	No. 1, Tran Hung Dao Road, Soc Trang City, Soc Trang Province
43 Thai Binh Post-Telecommunication Insurance Company	Floor 5, No. 355 Ly Bon, De Tham Ward, Thai Binh City, Thai Binh Province
44 PTI Representative Office for Claim Appraisal in Hanoi	Floor 2, Link Building No. 2, High Apartment Building at Land Lot CT3, Trung Van New Urban Area, Trung Van Ward, Nam Tu Liem District, Hanoi City
45 PTI Representative Office for Claim Appraisal in Ho Chi Minh City	No. 205 Nguyen Xi, Binh Thanh District, Ho Chi Minh City

*Operating field:* providing non-life insurance

*Allowable transactions:*

- Providing written insurance:
  - Health and human accident insurance;
  - Property insurance and damage insurance;
  - Insurance of cargo transported by road, seaway, waterway, railway and airway;
  - Joint liability insurance;
  - Motor vehicle insurance;
  - Fire and explosion insurance;
  - Business damage insurance.
- Providing reinsurance: Assuming and ceding reinsurance relating to transactions of non-life insurance.
- Carrying out investment activities in accordance with the legal regulations.
- Assessing losses.
- Being agency for damage survey, compensation settlement, subrogation recovery.
- Other activities in accordance with the legal regulations.

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**  
REPORT OF THE MANAGEMENT BOARD (cont.)

**Board of Management and Executive officers**

The Board of Management and the Executive officers of the Corporation during the year and as of the date of this report include:

***The Board of Management***

Full names	Position	Appointing date /Re-appointing date/Resigning date
Mr. Nguyen Minh Duc	Chairman	Appointed on 14 April 2016
Mr. Kim, Kang Wook	Vice Chairman	Appointed on 22 April 2015
Mr. Mai Xuan Dung	Member	Re-appointed on 22 April 2015
Ms. Pham Minh Huong	Member	Re-appointed on 22 April 2015
Ms. Tran Thi Minh	Member	Re-appointed on 22 April 2015
Mr. Park, Je Kwang	Member	Appointed on 22 April 2015
Mr. Bui Xuan Thu	Member	Appointed on 22 April 2015

***The Control Board***

Full names	Position	Appointing date /Re-appointing date/Resigning date
Mr. Nguyen Huu Thang	Manager	Appointed on 14 April 2016
Ms. Bui Thanh Hien	Member	Appointed on 22 April 2015
Mr. Ki, Hyun Park	Member	Appointed on 22 April 2015
Ms. Nguyen Thi Ha Ninh	Member	Re-appointed on 22 April 2015
Mr. Bae, Taeg Soo	Member	Appointed on 22 April 2015

***The General Directors***

Full names	Position	Appointing date /Re-appointing date/Resigning date
Mr. Bui Xuan Thu	General Director	Appointed on 27 April 2015
Mr. Nguyen Duc Binh	Deputy General Director	Resigned on 1 January 2018
Mr. Do Quang Khanh	Deputy General Director	Re-appointed on 27 April 2015
Mr. Huynh Viet Khoa	Deputy General Director	Re-appointed on 27 April 2015
Mr. Bui Trung Kien	Deputy General Director	Resigned on 31 March 2017
Mr. Nghiem Xuan Thai	Deputy General Director	Appointed on 1 August 2017
Ms. Luu Phuong Lan	Deputy General Director	Appointed on 1 August 2017
Mr. Cao Ba Huy	Deputy General Director	Appointed on 4 April 2017

***Legal representative***

The legal representative of the Corporation during the year and as of the date of this report is Mr. Bui Xuan Thu – General Director.

***Auditor***

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the consolidated financial statements for the fiscal year ended 31 December 2017 of the Group.

***Responsibilities of the Management Board***

The Management Board is responsible for the preparation of the consolidated financial statements to give a true and fair view on the consolidated financial position, the consolidated business results and the consolidated cash flows of the Group during the year. In order to prepare these consolidated financial statements, the Management Board must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;



## POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

### REPORT OF THE MANAGEMENT BOARD (cont.)

- point out whether the accounting standards applied to the Group have been complied or not and all material errors in comparison with these standards have been presented and explained in the consolidated financial statements;
- prepare the consolidated financial statements of the Group on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the consolidated financial statements are free from material misstatements due to frauds or errors.

The Management Board hereby ensures that all the accounting books of the Group have been fully recorded and can fairly reflect the financial position of the Corporation at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The Management Board is also responsible for managing the Group's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Management Board hereby ensures that all the requirements above have been followed when the consolidated financial statements are prepared.

#### Approval to the financial statements

The Management Board has approved the attached consolidated financial statements. The consolidated financial statements give a true and fair view of the financial position as of 31 December 2017, the consolidated business results and the consolidated cash flows for the fiscal year then ended of the Group in conformity with the Insurance Accounting Standards and System issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012 and legal regulations related to the preparation and presentation of consolidated financial statements.

For and on behalf of the Management Board,



**Bui Xuan Thu**  
**General Director**

6 March 2018



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A&C AUDITING AND CONSULTING CO., LTD.**



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Branch in Nha Trang : Lot STH 06A.01, Le Hong Phong II Urban Area,  
Phuoc Hai Ward, Nha Trang City  
Branch in Can Tho : 15-13 Vo Nguyen Giap St., Can Tho City  
[www.a-c.com.vn](http://www.a-c.com.vn)

No. 1.0279/18/TC-AC

## **INDEPENDENT AUDITOR'S REPORT**

### **THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE GENERAL DIRECTORS POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

We have audited the accompanying consolidated financial statements of Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation"), which were prepared on 6 March 2018, from page 9 to page 58, including the consolidated balance sheet as of 31 December 2017, the consolidated income statement, the consolidated cash flow statement for the fiscal year then ended and the notes to the consolidated financial statements.

#### **The General Directors' Responsibility**

The Corporation's General Directors are responsible for the preparation, true and fair presentation of these consolidated financial statements of the Corporation in accordance with the Vietnamese Accounting Standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012 and the legal regulations related to the preparation and presentation of consolidated financial statements and responsible for such internal control as the General Directors determine is necessary to enable the preparation and presentation of the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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



### Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the financial position of Post-Telecommunication Joint Stock Insurance Corporation as of 31 December 2017, its financial performance and its cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012 and the legal regulations related to the preparation and presentation of consolidated financial statements.

**A&C Auditing and Consulting Co., Ltd.**



**Nguyen Van Kien - Deputy General Director**

*Audit Practice Registration Certificate:*

*No. 0192-2018-008-1*

**Vu Minh Khoi - Auditor**

*Audit Practice Registration Certificate:*

*No. 2897-2014-008-1*

Hanoi, 6 March 2018

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**CONSOLIDATED BALANCE SHEET**

As of 31 December 2017

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b> (100=110+120+130+140+150+190)	<b>100</b>		<b>4,355,044,867,692</b>	<b>3,473,370,523,435</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>108,166,401,355</b>	<b>77,133,874,904</b>
1. Cash	111		103,841,401,355	76,018,874,904
2. Cash equivalents	112		4,325,000,000	1,115,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>2,471,836,460,879</b>	<b>1,982,137,660,115</b>
1. Trading securities	121	V.2a	287,384,199,971	144,941,150,633
2. Provisions for devaluation of trading securities	122	V.2a	(5,688,220,092)	(263,490,518)
3. Investments held to maturity dates	123	V.2b	2,190,140,481,000	1,837,460,000,000
<b>III. Short-term accounts receivable</b>	<b>130</b>		<b>760,004,899,423</b>	<b>694,291,737,291</b>
1. Receivable from customers	131	V.3	457,924,172,439	438,061,327,690
1.1 Receivable on insurance policies	131.1		430,865,393,828	412,386,360,544
1.2 Other receivable from customers	131.2		27,058,778,611	25,674,967,146
2. Short-term prepayments to suppliers	132	V.4	145,159,083,299	129,056,236,255
3. Short-term inter-company receivable	133		-	-
4. Receivable according to the progress of construction contracts	134		-	-
5. Receivable on short-term loans	135		-	-
6. Other receivable	136	V.5a	222,422,365,263	187,801,513,376
7. Provision for short-term bad debts	137	V.6	(65,500,721,578)	(60,627,340,030)
8. Deficient assets to be treated	139		-	-
<b>IV. Inventories</b>	<b>140</b>		<b>9,346,424,435</b>	<b>11,323,211,198</b>
1. Inventories	141	V.7	9,346,424,435	11,323,211,198
2. Provisions for devaluation of inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>184,574,577,135</b>	<b>159,743,468,236</b>
1. Short-term prepaid expenses	151	V.8a	176,674,027,242	152,346,715,012
1.1 Unappropriated commission expenses	151.1		176,030,723,016	151,907,547,345
1.2 Other short-term prepaid expenses	151.2		643,304,226	439,167,667
2. VAT deductible	152		6,166,850,082	5,966,250,049
3. Taxes and accounts receivable from the State	153		1,733,699,811	1,430,503,175
4. Transaction of repurchasing the Government's bonds	154		-	-
5. Other current assets	155		-	-
<b>VIII. Reinsurance assets</b>	<b>190</b>	<b>V.20a</b>	<b>821,116,104,465</b>	<b>548,740,571,691</b>
1 Reinsurance premium ceded reserve	191		525,983,018,605	331,811,783,188
2 Claim reserve for reinsurance ceded	192		295,133,085,860	216,928,788,503



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Consolidated balance sheet (cont.)**

ASSETS		Code	Note	Ending balance	Beginning balance
<b>B - LONG-TERM ASSETS</b>		<b>200</b>		<b>1,043,938,002,639</b>	<b>1,467,815,257,575</b>
<b>I. Long-term accounts receivable</b>		<b>210</b>		<b>17,855,779,676</b>	<b>16,803,131,818</b>
1. Long-term accounts receivable from customers		211		-	-
2. Long-term prepayments to suppliers		212		-	-
3. Working capital in affiliates		213		-	-
4. Long-term inter-company receivable		214		-	-
5. Receivable on long-term loans		215		-	-
6. Other long-term receivable		216	V.5b	17,855,779,676	16,803,131,818
6.1 Insurance deposit		216.1		10,280,000,000	10,280,000,000
6.2 Other long-term receivable		216.2		7,575,779,676	6,523,131,818
7. Provision for long-term bad debts		219		-	-
<b>II. Fixed assets</b>		<b>220</b>		<b>84,919,980,334</b>	<b>75,935,069,042</b>
1. Tangible fixed assets		221	V.9	75,058,333,415	69,604,129,609
Historical costs		222		163,289,641,505	144,672,197,526
Accumulated depreciation		223		(88,231,308,090)	(75,068,067,917)
2. Financial leasehold assets		224		-	-
Historical costs		225		-	-
Accumulated depreciation		226		-	-
3. Intangible fixed assets		227	V.10	9,861,646,919	6,330,939,433
Historical costs		228		15,741,792,486	11,115,535,367
Accumulated depreciation		229		(5,880,145,567)	(4,784,595,934)
<b>III. Investment property</b>		<b>230</b>	<b>V.11</b>	<b>115,891,902,279</b>	<b>110,514,416,982</b>
Historical costs		231		121,055,366,654	112,838,923,737
Accumulated depreciation		232		(5,163,464,375)	(2,324,506,755)
<b>IV. Long-term assets in progress</b>		<b>240</b>	<b>V.12</b>	<b>18,713,028,705</b>	<b>53,110,474,055</b>
1. Long-term operating expenses in progress		241		-	-
2. Construction in progress		242		18,713,028,705	53,110,474,055
<b>V. Long-term financial investment</b>		<b>250</b>		<b>776,172,899,424</b>	<b>1,186,848,536,029</b>
1. Investment in subsidiaries		251		-	-
2. Investment in associates and joint ventures		252	V.2c	128,546,442,525	126,497,109,065
3. Investment, capital contribution in other entities		253	V.2d	245,429,793,280	235,458,566,400
4. Provision for long-term financial investment		254	V.2e	(72,873,506,190)	(28,386,511,018)
5. Investment held until maturity date		255	V.2b	475,070,169,809	853,279,371,582
<b>VI. Other long-term assets</b>		<b>260</b>		<b>30,384,412,221</b>	<b>24,603,629,649</b>
1. Long-term prepaid expenses		261	V.8b	28,350,995,769	22,216,392,596
2. Deferred income tax assets		262		-	56,248,601
3. Long-term equipment, materials, spare parts		263		-	-
4. Other long-term assets		268		-	-
5. Goodwill		269		2,033,416,452	2,330,988,452
<b>TOTAL ASSETS</b>		<b>270</b>		<b>5,398,982,870,331</b>	<b>4,941,185,781,010</b>

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Consolidated balance sheet (cont.)**

CAPITAL SOURCES		Code	Note	Ending balance	Beginning balance
<b>C - LIABILITIES</b>		<b>300</b>		<b>3,497,833,280,112</b>	<b>3,091,928,594,676</b>
<b>I. Current liabilities</b>		<b>310</b>		<b>3,489,490,963,504</b>	<b>3,087,408,667,730</b>
1. Short-term payable to suppliers		311	V.13	373,657,837,794	240,710,876,338
1.1 Payable on insurance policies		311.1		340,259,182,198	209,943,147,515
1.2 Other payable to suppliers		311.2		33,398,655,596	30,767,728,823
2. Prepayments from customers		312	V.14	7,116,109,079	25,806,459,846
3. Taxes and other obligations to the State budget		313	V.15	32,039,305,278	26,069,416,789
4. Payable to employees		314		47,815,610,237	53,535,799,515
5. Short-term accrued expenses		315		580,399,234	301,382,436
7. Short-term unrealized revenue		318.1	V.16	91,476,858,119	92,486,150,536
8. Short-term unearned commission		318.2	V.17	137,118,307,828	94,850,311,274
9. Other short-term payable		319	V.18	86,924,008,371	70,531,776,250
10. Short-term loans and financial lease debts		320	V.19	197,777,181,284	71,702,889,871
12. Bonus and welfare funds		322		137,968,001	131,574,365
15. Technical reserve		329	V.20	2,514,847,378,279	2,411,282,030,510
15.1 Written premium and reinsurance assumed reserve		329.1	V.20a	1,647,879,368,341	1,585,666,973,133
15.2 Claim reserve for written insurance and reinsurance assumed		329.2	V.20a	797,519,969,351	778,982,126,930
15.3 Catastrophe reserve		329.3	V.20b	69,448,040,587	46,632,930,447
<b>II. Long-term liabilities</b>		<b>330</b>		<b>8,342,316,608</b>	<b>4,519,926,946</b>
7. Other long-term payable		337		1,120,456,136	1,030,456,136
8. Long-term loans and financial lease debts		338		6,738,169,403	3,005,779,741
11. Deferred income tax payable		341		483,691,069	483,691,069
<b>D - OWNER'S EQUITY</b>		<b>400</b>		<b>1,901,149,590,219</b>	<b>1,849,257,186,334</b>
<b>I. Owner's equity</b>		<b>410</b>	<b>V.21</b>	<b>1,901,149,590,219</b>	<b>1,849,257,186,334</b>
1. Owner's contribution capital		411		803,957,090,000	803,957,090,000
- Common shares with voting right		411a		803,957,090,000	803,957,090,000
- Preferred shares		411b		-	-
2. Share premiums		412		827,943,052,804	827,943,052,804
8. Business promotion fund		418		21,059,046,903	19,773,444,835
9. Compulsory reserved fund		419		48,967,380,576	41,540,743,782
11. Retained profit after tax		421		198,191,072,708	154,994,146,755
- Retained profit after tax accumulated to the end of previous period		421a		51,923,948,357	154,994,146,755
- Retained profit after tax of the current period		421b		146,267,124,351	-
13. Interest of non-controlling shareholders		429		1,031,947,228	1,048,708,158
<b>TOTAL CAPITAL SOURCES</b>		<b>440</b>		<b>5,398,982,870,331</b>	<b>4,941,185,781,010</b>



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Consolidated balance sheet (cont.)**

**OFF-CONSOLIDATED BALANCE SHEET ITEMS**

ITEMS	Note	Ending balance	Beginning balance
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		-	-
3. Bad debts already treated		-	-
4. Written insurance policies for which no obligations have arisen		255,384,755,378	241,134,334,187
5. Foreign currencies			
US Dollar (USD)		930,637.42	160,241.25
Euro (EUR)		26,066.04	28,921.27
Pound Sterling (£)		342.88	347.83

Prepared on 6 March 2018

Prepared by



Nguyen Thi Ngoc Khue

Chief Accountant



Cao Thu Hien

General Director



Bui Xuan Thu

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**CONSOLIDATED INCOME STATEMENT**

For the fiscal year ended 31 December 2017

**PART I: CONSOLIDATED INCOME STATEMENT**

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Net sales of insurance operation	10.1		2,781,985,447,762	2,542,387,176,731
1.2 Net sales of selling goods and providing services	10.2		114,488,016,246	106,823,115,305
2. Sales of trading investment property	11	VI.4	15,149,078,057	4,967,475,984
3. Financial income	12	VI.9	245,417,767,411	156,990,827,591
4. Other income	13		1,348,346,457	968,266,626
5. Total expenses for insurance operation	20.1		2,228,700,074,666	2,049,383,545,204
5.2 Costs of providing goods and other services	20.2		99,851,574,396	93,831,218,555
6. Costs of investment property	21	VI.8	9,760,072,951	1,887,918,349
7. Financial expenses	22	VI.10	93,440,918,531	36,731,249,082
8.1 Selling expenses	23.1		1,741,479,988	2,155,978,974
8. Administrative overheads	23.2	VI.11	539,624,787,964	494,143,052,748
9. Other expenses	24		1,139,302,533	2,481,022,071
10.1 Gain in joint ventures, associates	50.1		2,308,806,005	2,211,318,236
10. Total profit before corporate income tax (50=10.1+10.2+11+12+13-20-21-22-23-24)	50.2		186,439,250,909	133,734,195,490
11. Current corporate income tax	51	V.15	32,696,262,536	25,599,112,567
12. Deferred corporate income tax	52		-	(275,542,767)
13. Profit after corporate income tax	60		<u>153,742,988,373</u>	<u>108,410,625,690</u>
13.1 Profit after tax of non-controlling shareholders	60.1		49,227,226	110,857,890
13.2 Profit after tax of the Holding Company's shareholders	60.2		153,693,761,147	108,299,767,800
14. Basic earnings per share	70	VI.12	<u>1,845</u>	<u>1,299</u>
15. Declined interest per share	70	VI.12	<u>1,845</u>	<u>1,299</u>



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Consolidated income statement (cont.)**

**PART II: INCOME STATEMENT PER OPERATION**

				<i>Unit: VND</i>	
ITEMS	Code	Note	Current year	Previous year	
1. Gross written premium (01 = 01.1 + 01.2 - 01.3)	01	VI.1	3,287,790,703,687	2,904,970,301,052	
In which					
- Written premium	01.1		3,206,371,714,043	3,096,474,612,452	
- Reinsurance premium assumed	01.2		143,631,384,852	129,700,247,181	
- Increase (decrease) in reserve for written premium and reinsurance assumed	01.3		62,212,395,208	321,204,558,581	
2. Reinsurance premium ceded (02 = 02.1 - 02.2)	02	VI.2	874,320,789,457	648,905,890,917	
In which					
- Reinsurance premium ceded	02.1		1,068,492,024,874	682,607,113,937	
- Increase (decrease) in reserve for reinsurance premium ceded	02.2		194,171,235,417	33,701,223,020	
3. Net sales of premium (03 = 01 - 02)	03		2,413,469,914,230	2,256,064,410,135	
4. Commission of reinsurance ceded and other income from insurance operation (04 = 04.1 + 04.2)	04		368,515,533,532	286,322,766,596	
In which					
- Commission on reinsurance ceded	04.1		237,115,495,348	210,158,962,292	
- Other income from insurance operation	04.2		131,400,038,184	76,163,804,304	
5.1 Net sales of insurance operation (10 = 03 + 04)	10.1		2,781,985,447,762	2,542,387,176,731	
5.2 Net sales of selling goods and providing other services	10.2	VI.3	114,488,016,246	106,823,115,305	
6. Claim expenses (11 = 11.1 - 11.2)	11		1,683,410,889,298	1,208,404,100,462	
In which					
- Total claim expenses	11.1		1,709,178,004,193	1,220,933,094,388	
- Deductions (Subrogation recovery, receipt from disposal of loss paid 100%)	11.2		25,767,114,895	12,528,993,926	
7. Recovery from reinsurance ceded	12		423,122,583,392	235,547,984,309	
8. Increase/decrease in claim reserve for written premium and reinsurance assumed	13		18,537,842,421	195,985,190,112	
9. Increase (decrease) in claim reserve for reinsurance ceded	14		78,204,297,357	1,749,643,567	
10. Total claim expenses (15 = 11 - 12 + 13 - 14)	15	VI.5	1,200,621,850,970	1,167,091,662,698	
11. Increase/decrease in catastrophe reserve	16		22,815,110,140	25,435,677,457	
12. Other operating expenses (17 = 17.1 + 17.2)	17	VI.6	1,005,263,113,556	856,856,205,049	
In which:					
- Commission	17.1		332,656,891,735	277,947,672,582	
- Others	17.2		672,606,221,821	578,908,532,467	
13. Total insurance operating expenses (18.1 = 15 + 16 + 17)	18.1		2,228,700,074,666	2,049,383,545,204	
13.2 Costs of providing other goods, services	18.2	VI.7	99,851,574,396	93,831,218,555	

This statement should be read in conjunction with the notes to the consolidated financial statements

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Consolidated income statement (cont.)**

ITEMS	Code	Note	Current year	Previous year
14. Gross profit of insurance operation (19.1 = 10.1 - 18.1)	19.1		553,285,373,096	493,003,631,527
14.2 Gross profit of providing other goods, services (19.2 = 10.2 - 18.2)	19.2		14,636,441,850	12,991,896,750
15. Sales of investment property	20	VI.4	15,149,078,057	4,967,475,984
16. Costs of investment property	21	VI.8	9,760,072,951	1,887,918,349
17. Profit from investment property (22= 20 -21)	22		5,389,005,106	3,079,557,635
18. Financial income	23	VI.9	245,417,767,411	156,990,827,591
19. Financial expenses	24	VI.10	93,440,918,531	36,731,249,082
20. Gross profit of financial activities (25 = 23 -24)	25		151,976,848,880	120,259,578,509
21.1 Selling expenses	26.1		1,741,479,988	2,155,978,974
21.2 Administrative overheads	26.2	VI.11	539,624,787,964	494,143,052,748
22. Net operating income (30= 19.1 + 22 + 25 - 26.1 - 26.2)	30		183,921,400,980	133,035,632,699
23. Other income	31		1,348,346,457	968,266,626
24. Other expenses	32		1,139,302,533	2,481,022,071
25.1 Other profit (40 = 31 - 32)	40		209,043,924	(1,512,755,445)
25.2 Gain in joint ventures, associates	41		2,308,806,005	2,211,318,236
26. Total profit before corporate income tax (50= 30 + 40 + 41)	50		186,439,250,909	133,734,195,490
27. Current corporate income tax	51		32,696,262,536	25,599,112,567
28. Deferred corporate income tax	52		-	(275,542,767)
29. Total profit after corporate income tax	60		<u>153,742,988,373</u>	<u>108,410,625,690</u>
29.1 Profit after tax of non-controlling shareholders	61.1		49,227,226	110,857,890
29.2 Profit after tax of the Holding Company's shareholders	61.2		153,693,761,147	108,299,767,800
30. Basic earnings per share	70	VI.12	<u>1,845</u>	<u>1,299</u>
31. Declined interest per share	70	VI.12	<u>1,845</u>	<u>1,299</u>

Prepared by



Nguyen Thi Ngoc Khue

Chief Accountant



Cao Thu Hien

Prepared on 6 March 2018

General Director



Bui Xuan Thu



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**CONSOLIDATED CASH FLOW STATEMENT**

(Under indirect method)

For the fiscal year ended 31 December 2017

Unit: VND

ITEMS	Code Note	Current year	Previous year
<b>I. Cash flows from operating activities</b>			
1. Profit before tax	01	186,439,250,909	133,734,195,490
2. Adjustments			
- Depreciation of fixed assets	02	17,511,966,494	14,669,991,571
- Provisions	03	(114,025,078,711)	433,560,576,595
- Gain/loss from foreign exchange rate differences due to revaluation of monetary items in foreign currencies	04	-	-
- Gain/loss from investing activities	05	(122,378,432,046)	(112,347,065,879)
- Loan interest expenses	06	5,638,287,801	324,321,033
- Adjustments	07	-	-
3. Operating profit/loss before changes of working capital	08	(26,814,005,553)	469,942,018,810
- Increase/decrease of accounts receivable	09	(16,705,186,067)	(98,857,074,285)
- Increase/decrease of inventories	10	1,976,786,763	(1,627,451,902)
- Increase/decrease of accounts payable	11	152,906,299,913	82,028,082,776
- Increase/decrease of prepaid expenses	12	(30,461,915,403)	(36,716,546,755)
- Increase/decrease of trading securities	13	(110,443,049,338)	(24,718,477,837)
- Loan interests already paid	14	(5,638,287,801)	(324,321,033)
- Corporate income tax already paid	15	(18,896,768,986)	(25,694,751,136)
- Other gains	16	74,200,000	98,200,000
- Other disbursements	17	(149,506,364)	(115,248,605)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(54,151,432,836)</b>	<b>364,014,430,033</b>
<b>II. Cash flows from investing activities</b>			
1. Purchases and construction of fixed assets and other long-term assets	21	(33,410,858,119)	(78,254,226,931)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22	5,522,838,729	-
3. Loans given and purchases of debt instruments of other entities	23	(1,040,300,000,000)	(1,713,500,000,000)
4. Recovery of loans given and disposals of debt instruments of other entities	24	1,033,828,720,773	1,282,731,413,446
5. Investments into other entities	25	(88,471,226,880)	(179,113,566,400)
6. Withdrawals of investments in other entities	26	76,450,666,540	750,000,000
7. Receipts of loan interests, dividends and profit shared	27	97,567,715,942	121,298,490,569
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>51,187,856,985</b>	<b>(566,087,889,316)</b>

**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

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**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Consolidated cash flow statement (cont.)**

ITEMS	Code	Note	Current year	Previous year
<b>III. Cash flows from financial activities</b>				
1. Gains from stock issuance and capital contributions from shareholders	31		-	-
2. Repayment for capital contributors and re-purchase of stocks already issued	32		-	-
3. Receipts from loans	33		625,392,613,419	94,708,669,612
4. Loan principal amounts repaid	34		(495,585,932,344)	(22,029,800,000)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36		(95,810,578,773)	(101,915,388,192)
<i>Net cash flows from financial activities</i>	<b>40</b>		<b>33,996,102,302</b>	<b>(29,236,518,580)</b>
<b>Net cash flows during the year</b>	<b>50</b>		<b>31,032,526,451</b>	<b>(231,309,977,863)</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>	<b>V.1</b>	<b>77,133,874,904</b>	<b>308,443,852,767</b>
Effects of fluctuations in foreign exchange rates	61		-	-
<b>Ending cash and cash equivalents</b>	<b>70</b>	<b>V.1</b>	<b>108,166,401,355</b>	<b>77,133,874,904</b>

Prepared by



Nguyen Thi Ngoc Khue

Chief Accountant



Cao Thu Hien

Prepared on 6 March 2018

General Director



Bui Xuan Thu



**POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal ended 31 December 2017

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**I. OPERATION FEATURES****1. Investment form**

Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation" or "the Holding Company") is a joint stock company.

**2. Operating field** : Non-life insurance.

**3. Main operations** : Providing services of non-life insurance, reinsurance, financial investment and other activities in accordance with the legal regulations.

**4. Ordinary course of business**

The Corporation's ordinary course of business does not exceed 12 months.

**5. Structure of the Group**

The Group includes the Holding Company and 2 subsidiaries which are controlled by the Holding Company. All subsidiaries are consolidated in these consolidated financial statements.

**5a. Information on the Group's restructuring**

During the year, the Group had no purchase, liquidation or divestment in subsidiaries.

**5b. List of subsidiaries consolidated**

<i>Name of companies</i>	<i>Address of head office</i>	<i>Main operations</i>	<i>Rate of interest</i>		<i>Rate of voting right</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Vietnam Petrol Commercial Corporation (VinaPetro)	No. 26 Lang Ha Road, Lang Ha Ward, Dong Da District, Hanoi	Selling petrol	93.63%	93.63%	93.63%	93.63%
VN-IBS., JSC.	No. 26 Lang Ha Road, Lang Ha Ward, Dong Da District, Hanoi	Leasing real estate and providing informatics and communication equipment	99%	98.33%	99%	98.33%

**5c. List of associates reflected in the consolidated financial statements in accordance with the owner's equity method**

<i>Name of companies</i>	<i>Address of head office</i>	<i>Rate of ownership as committed</i>		<i>Rate of interest</i>	
Post Real Estate JSC. (PostRE)	Floor 5, Lot 18 Dinh Cong Urban Area, Dinh Cong Ward, Hoang Mai District, Hanoi City	49.00%		95.32%	
Lanexang Assurance Public Insurance JSC. (LAP)	No. 13, Suphanuvong Road, Viangchan City, Lao People's Democratic Republic	50.00%		50.00%	
Kasati JSC.	270A Ly Thuong Kiet, Ward 14, District 10, Ho Chi Minh City	21.30%		21.30%	

# **POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

## **CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

Notes to the consolidated financial statements (cont.)

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### **5d. Affiliate with no legal status and dependently recording**

The Corporation's head office is located at Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City. As of 31 December 2017, the Corporation has 1 head office, 2 representative offices for Claim Appraisal in Hanoi and Ho Chi Minh City, 43 affiliates nationwide.

### **6. Statement on comparison of information in consolidated financial statements**

The corresponding figures in the previous year can be compared with those in the current year.

### **7. Personnel**

As of 31 December 2017, the Group had 1,959 employees (at the beginning of the year, the Group had 1,810 employees).

## **II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING**

### **1. Fiscal year**

The fiscal year of the Group is from 1 January to 31 December annually.

### **2. Standard currency unit**

The standard currency unit used in accounting is Vietnam Dong (VND).

## **III. ACCOUNTING STANDARDS AND SYSTEM APPLIED**

### **1. Accounting standards and system**

The Group has been applying the Accounting System for insurance companies issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance, the Circular No. 200/2014/TT-BTC dated 22 December 2014 on guidelines for accounting policies for enterprises, the Circular No. 202/2014/TT-BTC dated 22 December 2014 giving guidance on the preparation and presentation of consolidated financial statements as well as the Circulars giving guidance for the implementation of accounting standards and system of the Ministry of Finance in the preparation and presentation of consolidated financial statements.

### **2. Statement on the compliance with the accounting standards and system**

The General Directors ensures to follow all the requirements of the accounting system applied for insurance companies issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012, the Circular No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as other Circulars giving guidance for the implementation of accounting standards and system of the Ministry of Finance in the preparation and presentation of these consolidated financial statements.

## **IV. ACCOUNTING POLICIES**

### **1. Accounting convention**

All the financial statements are prepared on the basis of accrued accounting (except for information related to cash flows).

### **2. Consolidation basis**

The consolidated financial statements include the combined financial statements of the Holding Company and the financial statements of its subsidiaries. A subsidiary is a business that is controlled by the Holding Company. The control exists when the Holding Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to



## **POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

### **CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

#### **Notes to the consolidated financial statements (cont.)**

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obtain economic benefits from its activities. In determining the control right, the potential voting right that is currently valid arising from call options or debt and equity instruments that can be converted to common shares as of the balance sheet date should also be taken into consideration.

The business results of the subsidiaries which are acquired or disposed during the year are included in the consolidated income statement from the date of acquisition until the date of disposal of the investments in those subsidiaries.

The combined financial statements of the Holding Company and subsidiaries used for consolidation are prepared for the same accounting period and apply the consistent accounting policies for similar transactions and events in similar circumstances. In case that the accounting policies of the subsidiaries are different from those which are applied consistently within the Group, the appropriate adjustments should be made to the financial statements of the subsidiaries before they are used to prepare the consolidated financial statements.

Intra-group balances in the balance sheet and intra-group transactions and unrealized profits resulting from these transactions are eliminated when the consolidated financial statements are prepared. Unrealized losses resulting from intra-group transactions are also eliminated unless costs which cause those losses cannot be recovered.

Interest of non-controlling shareholders shows gain or loss and net assets of a subsidiary which is not held by the Group and is presented in a specific item in the consolidated income statement and the consolidated balance sheet (under owner's equity). Interest of non-controlling shareholders includes value of interest of non-controlling shareholders as of the initial business consolidation date and those in the fluctuation of owner's equity commencing from the business consolidation date. Losses in subsidiaries are allocated equivalent to capital of non-controlling shareholders, even when those losses are higher than their capital in net assets of the subsidiary.

### **3. Transactions in foreign currencies**

Transactions in foreign currencies are converted at the actual exchange rates as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rate as of the balance sheet date.

Foreign exchange rate differences arising during the year from transactions in foreign currencies are included in financial income or financial expenses. Foreign exchange rate differences due to revaluation of monetary items in foreign currencies as of the balance sheet date after offsetting increase differences and decrease differences are recorded into financial income or financial expenses.

Exchange rate used to translate transactions occurred in foreign currencies is the actual exchange rate at the time of transaction. The actual exchange rate is approximate to the average transfer buying and selling exchange rate of the commercial banks where the Group often has transactions. The approximate exchange rate does not exceed plus/less 1% in comparison with the average transfer buying and selling exchange rate which is daily determined based on the arithmetic mean between the daily transfer buying exchange rate and the selling exchange rate of the commercial banks where the Group often has transactions.

Foreign exchange rate used to revalue ending balances of monetary items in foreign currencies is the average transfer exchange rate of the commercial bank where the Group often has transactions.

### **4. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash in bank, cash in transit and short-term investments of which the due dates cannot exceed 3 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash as of the reporting date.



# POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

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## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

### Notes to the consolidated financial statements (cont.)

#### 5. Financial investments

##### *Trading securities*

Investments are classified as the trading securities when they are held for the purpose of trading for benefits.

Trading securities are recorded in the ledger in accordance with historical prices. The historical prices of trading securities shall be determined in accordance with fair value of payments at the time when the transaction arises plus costs related to transaction of purchasing trading securities.

The date of recognition of trading securities is the date when the Group has ownership right. Details are as follows:

- Listed securities are recorded at the time of matching (T+0).
- Unlisted securities are recorded at the time when the ownership is acquired as prescribed in regulations of law.

Interests, dividends and profits of the periods before the trading securities are purchased are recorded to decrease the value of those trading securities. Interests, dividends and profits of the periods after the trading securities are purchased are recognized into the revenue. Dividends received by shares are only followed as additional number of shares, not recognized with the value of the shares received.

Provision for devaluation of trading securities is made for each kind of securities traded in the market and has fair value lower than their historical costs. The fair value of trading securities listed in the securities market or exchanged on the UPCOM is the closing price as of the balance sheet date. In case at that time, the securities market or UPCOM does not have any transactions, the fair value of securities is the closing price of the latest transaction prior to the balance sheet date.

Increases/decreases in provision for devaluation of trading securities which need appropriating as of the balance sheet date are recognized into financial expenses.

Gain from or loss on transfer of trading securities is recognized into financial income or financial expenses. Costs are determined in accordance with the mobile weighted average method.

##### *Investments held to maturity dates*

Investments are classified as investments held to maturity that the Group intends and is able to hold to maturity. Investments held to maturity include termed deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchases at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other investments held to maturity.

Investments held to maturity dates are initially recognized at historical costs including purchasing price and costs related to purchasing transaction of investments. After initial recognition, these investments are recorded at recoverable value. Interest from these investments held to maturity dates after acquisition date is recognized in the income statement on the basis of estimated receipt. Interests arising prior to the Group's acquisition of investment held to maturity are recorded as a decrease in the costs at the acquisition time.

When there are reliable evidences proving that a part or whole of the investment may be unrecoverable and the losses can be measured reliably, the losses are recognized as financial expenses during the year while the investment value is derecognized.



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##### *Investments in associates*

###### *Associates*

An associate is an enterprise in which the Group has significant influence but not control over the financial policies and activities. Significant influence is the right to participate in making decisions about financial policies and business operations of the investee but not control those policies.

Investments in associates are recognized in accordance with the owner's equity method. Accordingly, the investments in associates are presented in the consolidated financial statements by the initial investment costs and adjusted for changes in benefits on net assets of associates after the investment date. If the benefits of the Group in losses of associates are higher than or equal to book value of the investments, the value of investments will be presented in the consolidated financial statements as zero unless the Group has an obligation to make the payment instead of associates.

The financial statements of associates are prepared for the same accounting period with the consolidated financial statements of the Group. In case the accounting policies of an associate are different from those consistently applied in the Group, the financial statements of that associate will be suitably adjusted before being used to prepare the consolidated financial statements.

Unrealized gains/losses from transactions with associates are excluded equivalent to those of the Company and its subsidiary when the consolidated financial statements are prepared.

###### *Investments in equity instruments of other entities*

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Group to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at historical costs, including the cost of purchase plus other directly attributable transaction costs. Dividends and profits arising in the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit arising in the periods after the purchase of investments are recorded into the Group's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provision for loss of investments in equity instruments of other entities is made as follows:

- For investments in listed shares or fair value of investments is reliably measured, provision is made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provision is made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner's equity multiplying (x) by the Group's rate of capital contribution over the total actual capital invested by investors in these investees.

Increases/decreases in provision for loss of investments in equity instruments of other entities which need appropriating as of the balance sheet date are recognized into financial expenses.

#### **6. Trade receivable and other receivable**

Accounts receivable are presented in accordance with book values less provisions for bad debts.



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The classification of accounts receivable into receivables from customers and other receivables is done as follows:

- Receivables from customers reflect commercial receivables generating from purchase-sale related transactions between the Group and buyers which are independent units against the Group.
- Other receivables reflect non-commercial or non-trading receivables, unrelated to purchase-sale transactions.

Provision is made for each bad debt basing on the debt age or the estimated loss. Details are as follows:

- As for overdue debts:
  - 30% of the value for debts overdue from over 6 months to under 1 year.
  - 50% of the value for debts overdue from 1 year to under 2 years.
  - 70% of the value for debts overdue from 2 years to under 3 years.
  - 100% of the value for debts overdue from 3 years and over.
- As for doubtful debts but not overdue: provision is made basing on the estimated loss.

Increases/decreases of balance of provision for bad debts which need appropriating as of the balance sheet date are recorded into administrative overheads.

#### **7. Inventories**

Inventories are recorded in accordance with the lower value between the historical costs and the net realizable values.

Historical costs of inventories include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

Ex warehouse prices are determined in accordance with the specific identification method and recorded in line with the perpetual recording method.

Net realizable values are the estimated selling prices of inventories in an ordinary course of business less the estimated expenses on product completion and other necessary expenses on product consumption.

Provision for devaluation of inventories is made for each item of inventories which has historical costs higher than net realizable values. Increases/decreases in balances of provision for devaluation of inventories which need appropriating as of the balance sheet date are recognized into costs of goods sold.

#### **8. Prepaid expenses**

Prepaid expenses include expenses actually incurred but they are related to operation output of many accounting periods. Prepaid expenses of the Group mainly include unappropriated commission, office rental and expenses for tools, instruments. These prepaid expenses are allocated in the prepayment term or term in which corresponding economic benefit is derived from these expenses.

##### ***Unappropriated commission***

Commission expenses are determined in accordance with the specified percentage on revenue of insurance operation and retained on account of unappropriated commission equivalent to rate of unearned premium reserve.



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#### *Expenses for agency development*

Expenses for agency development is allocated into expenses during the period in accordance with the straight-line method in 3 years.

#### *Office rental*

Office rental is allocated in line with the leasing period as in the leasing contracts.

#### *Expenses for tools, instruments*

Expenses for tools, instruments being put into use with the value of VND 5 million and over are allocated in 2 years. Those with the value under VND 5 million are allocated in 1 year.

### 9. **Tangible fixed assets**

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the year.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years of tangible fixed assets are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	35
Machinery and equipment	5 – 6
Vehicles	5 – 12
Office equipment	3 – 10

### 10. **Intangible fixed assets**

Intangible fixed assets are determined by their historical costs less accumulated depreciation.

Historical costs of intangible fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Costs related to intangible fixed assets, which are incurred after initial recognition, are recognized as operating costs in the period unless these costs are associated with a specific intangible fixed asset and increase economic benefits from these assets.

When an intangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the year.

Intangible fixed assets of the Group include:

#### *Land use right*

Land use right includes all the actual expenses paid by the Group related to the land being used such as expenses to obtain the land use right, expenses for compensation and land clearance, expenses on ground leveling, registration fees. For the land use right which is permanent, no amortization is done.



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#### *Computer software*

Purchasing price of computer software which is not an integrated part of the related hardware is capitalized. Historical cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is depreciated in accordance with the straight-line method within 3 - 4 years.

#### **11. Investment property**

Investment property is the use right on land, a building, a part of building or infrastructure owned by the Group or by the financial leasehold in order to earn rental or for capital appreciation. Investment property is determined by its historical costs less accumulated depreciation. Historical cost of investment property includes all the expenses paid by the Group or the fair value of other consideration given to acquire the investment property at the time of its acquisition or construction.

Subsequent expenses relating to an investment property are recorded into expenses unless these expenses probably make the investment property bring future economic benefits in excess of the originally assessed standard of performance, in that case, they will be recorded to increase the historical costs.

When the investment property is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen are posted into income or expenses during the year.

The transfer from owner-occupied property to investment property or from inventory shall be made only if the owner finishes using that property and leasing it to other party for operation or at the end of the construction period. The transfer from investment property to owner-occupied property or inventory shall be made only when the owner begins to use this property or begins to sell it. The transfer of use purpose between investment property and owner-occupied property or inventory does not change the net book value or the cost of the property at the date of conversion.

Investment property for lease is depreciated in accordance with the straight-line method over its estimated useful life. The depreciation years of investment property are as follows:

<u>Fixed assets</u>	<u>Year</u>
Infrastructure	20 - 50

Investment properties held for capital appreciation are not depreciated. When there is strong evidence showing that investment properties held for capital appreciation are devalued compared to the market value and the devaluation can be determined reliably, investment properties held for capital appreciation are reduced in costs and losses are recognized in costs of goods sold.

#### **12. Construction in progress**

Construction in progress reflects costs directly related (including related loan interest expenses in accordance with the Group's accounting policies) to assets in progress of construction and machinery, equipment in progress of installation to serve the purpose of production, lease and management as well as costs related to repair of fixed assets in progress. These assets are recognized in accordance with their original costs and not depreciated.

#### **13. Liabilities payable and accrued expenses**

Liabilities payable and accrued expenses are recognized for the amount payable in the future related to goods and services already received. Accrued expenses are recognized based on reasonable estimates on the amount payable.

The classification of accounts payable into payables to suppliers, accrued expenses, inter-Group payables and other payables is done as follows:

- Payables to suppliers reflect trade payables occurred from purchase-sale transaction of goods, services, assets and the suppliers are independent units against the Group.



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- Accrued expenses reflect payables for goods and services already received from suppliers or provided to customers but for which the payment has not been made due to lack of invoices or accounting documents and payables for employees on leave pay, appropriated operating costs.
- Other payables reflect non-trade payables or payables unrelated to purchase-sale transactions, provision of goods and services.

Liabilities payable and accrued expenses are classified into short-term and long-term ones on the combined balance sheet based on the remaining terms as of the balance sheet date.

#### 14. Technical reserves

The Group has appropriated technical reserves as stipulated in the Circular No. 50/2017/TT-BTC of the Ministry of Finance dated 15 May 2017 giving guidance on the implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies.

##### *Unearned premium reserve*

Unearned premium reserve is appropriated in accordance with the percentage of the insurance premium retained, details are as follows:

- For insurance of cargo, unearned premium reserve is appropriated by 25% on total premium retained.
- For other insurance transactions, unearned premium reserve is appropriated by 50% on total premium retained.

##### *Claim reserve*

Claim reserve for outstanding claims is appropriated by the Group in accordance with the method of each claim record on the basis of estimated loss of the Group's insurance responsibility.

Claim reserve for loss which has incurred but not yet reported (IBNR) is appropriated in accordance with the following formula for each claim:

$$\begin{array}{ccccccc} \text{Claim reserves} & & \text{Total claim for IBNR in} & & \text{Net premium of} & & \text{Average claim} \\ \text{for IBNR for} & & \text{the 3 previous} & & \text{insurance activities in} & & \text{reporting delay in} \\ \text{the current} & = & \text{continuous years} & \times & \text{the current year} & \times & \text{the current year} \\ \text{fiscal year} & & \text{Total claim arising in} & \times & \text{Net premium of} & \times & \text{Average claim} \\ & & \text{the 3 previous} & \text{Claim} & \text{insurance activities in} & & \text{reporting delay in} \\ & & \text{continuous years} & \text{arising} & \text{the previous year} & & \text{the previous year} \\ & & & \text{in the} & & & \\ & & & \text{current} & & & \\ & & & \text{year} & & & \end{array}$$

##### *Catastrophe reserve*

Catastrophe reserve is appropriated annually until such reserve reaches 100% of the net written premium of the fiscal year. The appropriation rate during the year was 1% of the net written premium.

On 28 December 2005, the Ministry of Finance issued the Decision No. 100/2005/QĐ-BTC regarding the issuance and publication of four Vietnamese Accounting Standards including the Accounting Standard No. 19 - Insurance Policy. Accordingly, commencing from 1 January 2006, the appropriation of catastrophe reserve is no longer required since it represents "possible claims that are not in existence at the reporting date". However, the Ministry of Finance has not given the guidance on implementing the Accounting Standard No. 19 and according to the Decree No. 46/2017/ND-CP dated 27 March 2017 on details of implementation of the Law on insurance



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business and the Law on amendments to certain articles of the Law on insurance business, therefore, the Group is still appropriating catastrophe reserve.

#### 15. Sources of capital

##### *Owner's contribution capital*

Owner's contribution capital is recognized in line with the amount actually contributed by the shareholders of the Group.

##### *Share premiums*

Share premiums are recorded in accordance with the difference between issuance price and face value of shares in the first issuance, additional issuance or the difference between reissuance price and book value of treasury stocks. Direct expenses related to the additional issuance of shares and reissuance of treasury stocks are recorded to decrease share premiums.

#### 16. Profit distribution

Profit after corporate income tax is distributed to the shareholders after appropriation of funds in accordance with the Group's Charter as well as legal regulations and being approved by the General Meeting of Shareholders.

The profit distribution to the shareholders considers non-monetary items in retained profit after tax which can have impacts on cash flows and possibility of profit payment such as gains from revaluation of assets for capital contribution, revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recognized as liabilities payable upon the approval of the General Meeting of Shareholders.

##### *Compulsory reserve*

Compulsory reserve is used to supplement the Group's charter capital and ensure its liquidity. Compulsory reserve is appropriated annually at the rate of 5% of annual profit after tax. The maximum of compulsory reserve is 10% of the Group's charter capital as stipulated in the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government.

##### *Other funds*

Other funds are appropriated and used in accordance with the Charter and Resolutions of General Meeting of Shareholders.

#### 17. Recognition of sales and income

Sales of providing services are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

##### *Activity of trading gross written premium*

##### *Gross written premium*

Gross written premium is recorded in accordance with the regulations in the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance giving guidance on the implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies. Details are as follows:

- (1) When the insurance policy has been entered into by the insurer and the insured or there are evidences that the insurer has agreed to insure and the insured fully paid insurance premium;
- (2) The insurance policy has been entered into and the insurer has an agreement with the insured about debt of insurance premium in the insurance policy;



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In case there is an agreement between the insurer and the insured about periodical payment of premium, premium revenue is recognized corresponding to each period or periods of premium arising, the insurance premium which is undue as agreed is not recorded into income.

Unearned insurance premium as of the balance sheet date is recorded in the item of "Advances from customers" on the balance sheet.

#### ***Claim expense***

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case of having no conclusion about the final claim but the Group is sure of loss of the insurers' responsibility, a part of claim is paid to the customers. Any claim that is not yet approved by authorized persons is considered as outstanding claim and included in claim reserve.

#### ***Commission***

Commission expenses are calculated according to the percentage on revenue of gross written premium actually received and recorded into the income statement during the year. Commission of each product is calculated at separate rates in accordance with the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance giving guidance on implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government on the Law on insurance business.

#### **Activity of reinsurance assumed**

##### ***Under treaty reinsurance***

Revenue and expenses related to reinsurance assumed under treaty arrangements are recognized when the periodical reconciliation is received from the cedants. As of the date of preparing the financial statements, revenue and expenses related to transactions in the scope of treaty reinsurance but the periodical reconciliation has not been received from the cedants will be estimated based on the statistical and estimated figures of the cedants.

##### ***Under facultative reinsurance***

Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been signed and a statement of account (for each facultative reinsurance agreement) has been received from the cedant.

Claim expenses for reinsurance assumed are recognized when having claim obligations as committed and the statement of account has been received from the cedants.

Commission on reinsurance assumed is recognized when accepting reinsurance agreement and the statement account has been received from the cedants.

#### **Activity of reinsurance ceded**

Reinsurance premium ceded under treaty reinsurance is recognized when gross written premium in the scope of these agreements is recognized.

Facultative reinsurance premium ceded is recognized when facultative reinsurance agreement has been signed and gross written premium in the scope of this agreement is recognized.

Receiving indemnity of reinsurance ceded is recognized when having existing evidences of reinsurers' obligations.

Commission on reinsurance ceded is recognized when reinsurance premium ceded is recognized.



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#### **Activity of investment**

##### ***Interests***

Interests are recorded based on the term and the interest rates applied for each period.

##### ***Dividends and profit shared***

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Particularly, dividends received by shares are not recognized into income but only followed with the increasing number.

##### ***Investment costs***

Investment costs include arising costs directly related to the investment and commonly used expenses allocated.

Direct costs include salary for the Investment Section, expenses for investment portfolio management, provision for devaluation of investments, loss on securities dealing, expenses for dealing securities, expenses related to real estate activity.

Commonly used expenses allocated for the Investment Section at the rate of financial income on total realized revenue during the year.

#### **18. Borrowing costs**

Borrowing costs include loan interest and other costs directly related to borrowings. Borrowing costs are recognized into expenses when arising.

#### **19. Corporate income tax**

Corporate income tax includes current income tax which is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses, losses transferred.

#### **20. Related parties**

A party is considered a related party of the Group in case that party is able to control the Group or to cause material effects on the financial decisions as well as the operations of the Group. A party is also considered a related party in case of together being controlled or affected significantly.

In the consideration of relations among related parties, the nature of relations is paid more attention than the legal form.

#### **21. Segment reporting**

A business segment is a distinguishable component that is engaged in providing products or services and that is subject to risks and returns different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns different from those of components operating in other economic environments.

The segment information is prepared and presented in conformity with the accounting policy applied for the preparation and presentation of the Group's consolidated financial statements.



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**Notes to the consolidated financial statements (cont.)****V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET****1. Cash and cash equivalents**

	<b>Ending balance</b>	<b>Beginning balance</b>
Cash on hand	17,897,313,969	12,943,954,140
Cash in bank	77,170,827,386	62,222,370,764
Cash in transit	8,773,260,000	852,550,000
Cash equivalents ( <i>Under-3-month deposits</i> )	4,325,000,000	1,115,000,000
<b>Total</b>	<b>108,166,401,355</b>	<b>77,133,874,904</b>

**2. Financial investments**

The Group's financial investments include trading securities, investments held to maturity dates and capital contribution investments in other entities. Information on the Group's financial investments is as follows:

**2a. Trading securities**

	<b>Ending balance</b>			<b>Beginning balance</b>		
	<b>Historical costs</b>	<b>Fair value</b>	<b>Provision</b>	<b>Historical costs</b>	<b>Fair value</b>	<b>Provision</b>
<b>Listed securities</b>	<b>285,475,786,471</b>	<b>298,208,827,900</b>	<b>5,688,220,092</b>	<b>72,892,737,133</b>	<b>108,459,555,000</b>	<b>263,490,518</b>
DBD	3,566,056,897	3,780,800,000				
DNA	1,183,055,674	1,093,850,000	89,205,674			
DRI	1,204,003,300	1,190,000,000	14,003,300			
FOX	1,951,113,716	1,972,080,000				
GSM	5,115,021,624	5,774,720,000				
LPB	56,675,182,165	57,813,736,500				
MIG	18,593,271,665	17,527,200,000	1,066,071,665			
MSR	1,077,226,890	1,471,360,000				
MWG	3,488,024,200	3,406,000,000	82,024,200			
NKG	2,786,673,750	2,793,600,000				
NLG	52,354	60,200				
NTP	1,744,078,996	1,673,000,000	71,078,996			
PC1	7,174,009,890	7,135,982,000	38,027,890			
PHR	4,837,943,831	5,202,000,000				
PLX	6,249,564,310	6,375,000,000				
PNJ	3,966,979,046	6,850,000,000				
PVS	9,582,259,890	10,714,400,000				
SD3	4,153,528,525	2,765,000,000	1,388,528,525			
SKH	26,561,076,900	26,846,200,000				
SSI	5,668,779,434	5,760,000,000				
TDM	67,751,475	73,800,000				
VGG	816,201,675	725,400,000	90,801,675			
VGT	3,192,395,350	3,173,490,000	18,905,350			
VPB	9,756,285,316	10,209,820,000				
VRE	2,323,980,750	2,357,500,000				
VTV	2,695,456,365	2,433,600,000	261,856,365	1,085,951,200	1,083,500,000	2,451,200

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	Ending balance			Beginning balance		
	Historical costs	Fair value	Provision	Historical costs	Fair value	Provision
HUT	32,000,000,000	34,560,000,000		9,972,730,600	11,116,940,000	
MBB	51,250,202,983	59,245,449,200		6,804,522,905	9,898,000,000	
BLI	4,452,400,700	4,509,400,000		940,648,860	962,523,000	
VNR				14,261,500,905	41,340,000,000	
PGI				2,417,542,864	4,253,418,000	
FCN				2,056,868,640	2,005,500,000	51,368,640
SBA				2,180,863,928	2,669,747,000	
CHP				1,245,918,624	1,248,210,000	
DHG				3,961,362,641	4,097,380,000	
VKC				3,740,180,228	3,630,400,000	109,780,228
VSH				618,942,416	646,195,000	
SDI				612,827,865	654,780,000	
TCO				9,059,105,656	10,294,470,000	
VNE				2,101,296,996	2,722,590,000	
FPT				2,604,901,500	2,640,000,000	
HDG				3,103,326,952	3,121,011,000	
HAH				993,182,903	1,043,720,000	
CTD				5,131,061,450	5,031,171,000	99,890,450
G36	13,343,208,800	10,775,380,000	2,567,716,452			
<i>Unlisted securities</i>	<i>1,908,413,500</i>			<i>72,048,413,500</i>		
DPTW2	1,908,413,500			1,908,413,500		
TCB				70,140,000,000		
<b>Total</b>	<b>287,384,199,971</b>		<b>5,688,220,092</b>	<b>144,941,150,633</b>		<b>263,490,518</b>

Situation of fluctuations in provision for devaluation of trading securities is as follows:

	Current year	Previous year
Beginning balance	263,490,518	174,182,689
Additional appropriation of provision	5,688,220,092	261,039,318
Disbursement	(263,490,518)	(171,731,489)
<b>Ending balance</b>	<b>5,688,220,092</b>	<b>263,490,518</b>

*Fair value*

As for investments with listed prices, the fair value is determined based on listed prices as of the balance sheet date. The Group has not determined the fair value of investments without listed prices due to having no detailed guidelines on determination of fair value.



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**Notes to the consolidated financial statements (cont.)****2b. Investments held to maturity dates**

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
<b>Short-term</b>	<b>2,190,140,481,000</b>		<b>1,837,460,000,000</b>	
Termed deposits (*)	2,030,306,181,000		1,823,260,000,000	
Bonds	148,000,000,000			
Short-term investment trust	11,834,300,000		14,200,000,000	
<b>Long-term</b>	<b>475,070,169,809</b>	<b>31,235,306,464</b>	<b>853,279,371,582</b>	<b>23,891,306,464</b>
Termed deposits (*)	352,983,000,000		611,920,000,000	
Investments in bonds			130,000,000,000	
Long-term investment trust	122,087,169,809	31,235,306,464	111,359,371,582	23,891,306,464
<b>Total</b>	<b>2,665,210,650,809</b>	<b>31,235,306,464</b>	<b>2,690,739,371,582</b>	<b>23,891,306,464</b>

(\*) The Corporation has used the deposits at 4 credit institutions including Vietcombank, Vietinbank, BIDV, Agribank with the value of VND 93,000,000,000 to secure the loan from Vietcombank – Thang Long Branch (see Note V.19).

Besides, the Corporation has used the deposits at 3 credit institutions including SHB, VPBank, Agribank – Gia Dinh Branch with the value of VND 291,000,000,000 to secure the loan from Shinhan Bank Vietnam (see Note V.19).

**2c. Investments in associates**

	Ending balance			Beginning balance		
	Historical costs	Profit after investments	Total	Historical costs	Profit after investments	Total
PostRE <sup>(1)</sup>	88,200,000,000	1,266,043,796	89,466,043,796	88,200,000,000	806,518,637	89,006,518,637
LAP <sup>(2)</sup>	20,152,200,000	5,121,151,547	25,273,351,547	20,152,200,000	4,210,662,849	24,362,862,849
Kasati JSC. <sup>(3)</sup>	14,292,700,000	(485,652,818)	13,807,047,182	14,292,700,000	(1,164,972,421)	13,127,727,579
<b>Total</b>	<b>122,644,900,000</b>	<b>5,901,542,525</b>	<b>128,546,442,525</b>	<b>122,644,900,000</b>	<b>3,852,209,065</b>	<b>126,497,109,065</b>

<sup>(1)</sup> According to the Business Registration Certificate No. 0103027478 dated 21 October 2008 granted by Hanoi Authority for Planning and Investment, the Corporation would invest in PostRE with the amount of VND 88,200,000,000 equivalent to 49% of charter capital. As of 31 December 2017, the Group had fully invested charter capital.

<sup>(2)</sup> According to the amended Investment Certificate No. 347/BKH-DTRNN-DC3 dated 30 September 2014 granted by the Ministry of Planning and Investment, the Corporation would invest in LAP with the amount of USD 1,000,000 equivalent to 50% of charter capital. As of 31 December 2017, the Group had contributed in LAP with the amount of VND 20,152,200,000 (equivalent to USD 1,000,000), accounting for 50% of charter capital.

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(3) The Group purchased 638,090 shares of Kasati JSC. equivalent to 21.3 % of charter capital with the purchasing price of VND 14,292,700,000. As of 31 December 2017, the Group held 638,090 shares, accounting for 21.3% of capital of Kasati JSC.

The ownership value of the Group in associates is as follows:

	Ownership value at the beginning of year	Gains or losses during the year	Dividends shared during the year	Other increases, decreases	Ownership value at the end of year
(1)	89,006,518,637	4,415,537,834	(3,956,012,675)		89,466,043,796
(2)	24,362,862,849	2,169,508,554	(1,104,325,000)	(154,694,856)	25,273,351,547
(3)	13,127,727,579	1,677,423,292	(893,326,000)	(104,777,689)	13,807,047,182
<b>Total</b>	<b>126,497,109,065</b>	<b>8,262,469,680</b>	<b>(5,953,663,675)</b>	<b>(259,472,545)</b>	<b>128,546,442,525</b>

*Operation of associates*

The associates are in the process of normal operation, have no large changes compared with the previous year.

Materials transactions between the Corporation and its subsidiaries and associates are as follows:

	<u>Current year</u>	<u>Previous year</u>
<b>Kasati JSC.</b>		
Receipt of dividends	893,326,000	
<b>PostRE</b>		
Recovery of business cooperation capital	8,655,000,000	
<b>LAP</b>		
Receipt of dividends	1,077,472,237	
<b>Reinsurance assumed</b>		
Reinsurance premium assumed	5,364,267,442	
Commission expenses for reinsurance assumed	1,305,159,768	
Claim expenses for reinsurance assumed	507,852,370	
<b>Reinsurance ceded</b>		
Reinsurance premium ceded	155,342,240,915	
Receiving commission on reinsurance ceded	52,762,295,580	
Receiving indemnity of reinsurance ceded	100,741,642,826	

**2d. Capital contribution investments in other entities**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Historical costs</u>	<u>Provision</u>	<u>Historical costs</u>	<u>Provision</u>
UTXI Aquatic Products Processing Corporation	15,000,000,000	8,880,000,000	15,000,000,000	1,919,228,563
Post and Telecommunications Tourism JSC.	2,940,000,000	10,253,558	2,940,000,000	1,332,110,756
Global Data Service JSC.	17,080,000,000		17,080,000,000	
Huawei Vietnam JSC.	5,800,000,000		5,800,000,000	
Phuong Nam Real Estate Investment JSC.	14,900,000,000	1,243,865,235	14,900,000,000	1,243,865,235



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	<b>Ending balance</b>		<b>Beginning balance</b>	
	<b>Historical costs</b>	<b>Provision</b>	<b>Historical costs</b>	<b>Provision</b>
Communication Technology Development Investment JSC.	625,000,000		625,000,000	
BIWASE			70,500,000,000	
36 JSC.	64,280,812,685	31,504,080,933	64,090,938,300	
VWACO	44,803,980,595		44,522,628,100	
Thu Dau Mot Water JSC.	80,000,000,000			
<b>Total</b>	<b>245,429,793,280</b>	<b>41,638,199,726</b>	<b>235,458,566,400</b>	<b>4,495,204,554</b>

**2e. Provision for devaluation of long-term financial investments**

	<b>Ending balance</b>	<b>Beginning balance</b>
Provision for investments held to maturity date	31,235,306,464	23,891,306,464
Provision for capital contribution in other entities	41,638,199,726	4,495,204,554
<b>Total</b>	<b>72,873,506,190</b>	<b>28,386,511,018</b>

Situation of fluctuation in provision for capital contribution in other entities is as follows:

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	28,386,511,018	42,229,009,695
Additional appropriation of provision	45,808,852,370	1,919,228,563
Disbursement		(14,178,124,900)
Refund of provision	(1,321,857,198)	(1,583,602,340)
<b>Ending balance</b>	<b>72,873,506,190</b>	<b>28,386,511,018</b>

**3. Receivable on insurance policies**

	<b>Ending balance</b>	<b>Beginning balance</b>
Receivable on written premium	253,777,774,038	307,954,754,006
Receivable on reinsurance	177,087,619,790	104,431,606,538
Other receivable from customers	27,058,778,611	25,674,967,146
<b>Total</b>	<b>457,924,172,439</b>	<b>438,061,327,690</b>

**4. Prepayments to suppliers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Prepayment of claim for written premium	117,410,637,082	103,847,876,589
Other prepayments of written premium activity	10,120,497,078	11,179,790,673
Prepayments to other suppliers	17,627,949,139	14,028,568,993
<b>Total</b>	<b>145,159,083,299</b>	<b>129,056,236,255</b>

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**5. Other receivable****5a. Short-term receivable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Estimated interest receivable from financial incomes	134,939,111,894	110,937,614,759
Receivable on claim paid to Khai Thanh Production and Trading Co., Ltd. <sup>(*)</sup>	5,614,181,754	5,614,181,754
Advances	15,519,566,234	16,294,397,432
Short-term deposits and mortgages	5,822,545,664	3,157,907,155
Others	60,526,959,717	51,797,412,276
<b>Total</b>	<b>222,422,365,263</b>	<b>187,801,513,376</b>

<sup>(\*)</sup> Due to the decision of the Court in which PTI does not have to pay claim.**5b. Long-term receivable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Deposits and mortgages	10,280,000,000	10,280,000,000
Others	7,575,779,676	6,523,131,818
<b>Total</b>	<b>17,855,779,676</b>	<b>16,803,131,818</b>

**6. Provision for short-term bad debts**

	<u>Ending balance</u>	<u>Beginning balance</u>
Provision for overdue debts	65,500,721,578	60,627,340,030
- <i>Debts overdue under 1 year</i>	2,725,677,434	1,505,479,741
- <i>Debts overdue from 1 year to under 2 years</i>	3,403,329,412	4,448,827,141
- <i>Debts overdue from 2 years to under 3 years</i>	3,582,339,409	4,768,523,097
- <i>Debts overdue over 3 years</i>	55,789,375,324	49,904,510,051
Provision for doubtful debts but not overdue		
<b>Total</b>	<b>65,500,721,578</b>	<b>60,627,340,030</b>

Situation of fluctuations in provision for bad debts is as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	60,627,340,030	70,411,240,603
Additional appropriation of provision	5,508,582,892	6,903,987,194
Refund of provision	(635,201,344)	(16,687,887,767)
<b>Ending balance</b>	<b>65,500,721,578</b>	<b>60,627,340,030</b>

**7. Inventories**

	<u>Ending balance</u>	<u>Beginning balance</u>
Materials, supplies	5,578,584,940	8,909,932,261
Tools, instruments	387,395,404	439,673,263
Work in progress	15,272,053	15,272,053
Merchandises	3,365,172,038	1,958,333,621
<b>Total</b>	<b>9,346,424,435</b>	<b>11,323,211,198</b>



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**8. Prepaid expenses****8a. Short-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Commission to be allocated (*)	176,030,723,016	151,907,547,345
Others	643,304,226	439,167,667
<b>Total</b>	<b>176,674,027,242</b>	<b>152,346,715,012</b>

(\*) Fluctuations in increases, decreases in commission to be allocated during the year are as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	151,907,547,345	121,468,560,031
Increase during the year	356,780,067,406	308,386,659,896
Amount already allocated into expenses during the year	(332,656,891,735)	(277,947,672,582)
<b>Ending balance</b>	<b>176,030,723,016</b>	<b>151,907,547,345</b>

**8b. Long-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools, instruments	6,221,748,644	3,420,932,658
Housing rental	3,962,071,720	4,481,579,395
Expenses for agency development	825,434,701	352,618,057
Others	17,341,740,704	13,961,262,486
<b>Total</b>	<b>28,350,995,769</b>	<b>22,216,392,596</b>

**9. Increases, decreases in tangible fixed assets**

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Other assets</u>	<u>Total</u>
<b>Historical costs</b>						
Beginning balance	15,500,386,730	23,104,355,581	85,066,110,142	20,966,345,073	35,000,000	144,672,197,526
Purchase during the year		1,166,953,181	7,966,079,129	8,719,289,292		17,852,321,602
Completed construction		1,159,619,186				1,159,619,186
Liquidation and disposal			(394,496,809)			(394,496,809)
Classification				35,000,000	(35,000,000)	
<b>Ending balance</b>	<b>15,500,386,730</b>	<b>25,430,927,948</b>	<b>92,637,692,462</b>	<b>29,720,634,365</b>		<b>163,289,641,505</b>
<i>In which:</i>						
Fully depreciated but being still in use		6,211,584,133	16,196,138,118	11,822,986,107		34,230,708,358
To be liquidated						
<b>Depreciation</b>						
Beginning balance	2,017,584,568	13,073,859,357	45,306,264,443	14,650,015,799	20,343,750	75,068,067,917
Depreciation during the year	427,260,984	3,630,881,648	6,287,166,140	3,212,428,210		13,557,736,982
Liquidation and disposal			(394,496,809)			(394,496,809)
Classification				20,343,750	(20,343,750)	
<b>Ending balance</b>	<b>2,444,845,552</b>	<b>16,704,741,005</b>	<b>51,198,933,774</b>	<b>17,882,787,759</b>		<b>88,231,308,090</b>

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	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Other assets	Total
<b>Net book value</b>						
Beginning balance	13,482,802,162	10,030,496,224	39,759,845,699	6,316,329,274	14,656,250	69,604,129,609
<b>Ending balance</b>	<b>13,055,541,178</b>	<b>8,726,186,943</b>	<b>41,438,758,688</b>	<b>11,837,846,606</b>		<b>75,058,333,415</b>

*In which:*

Temporarily unused

**10. Increases, decreases in intangible fixed assets**

	Land use right	Computer software	Total
<b>Historical costs</b>			
Beginning balance	5,096,806,800	6,018,728,567	11,115,535,367
Purchase during the year		4,626,257,119	4,626,257,119
<b>Ending balance</b>	<b>5,096,806,800</b>	<b>10,644,985,686</b>	<b>15,741,792,486</b>
<i>In which:</i>			
Fully amortized but being still in use		4,161,773,011	4,161,773,011
<b>Amortization</b>			
Beginning balance		4,784,595,934	4,784,595,934
Amortization during the year		1,095,549,633	1,095,549,633
<b>Ending balance</b>		<b>5,880,145,567</b>	<b>5,880,145,567</b>
<b>Net book value</b>			
Beginning balance	5,096,806,800	1,234,132,633	6,330,939,433
<b>Ending balance</b>	<b>5,096,806,800</b>	<b>4,764,840,119</b>	<b>9,861,646,919</b>
<i>In which:</i>			
Temporarily unused			

**11. Investment property**

	Land use right	Buildings & Structures	Total
<b>Historical costs</b>			
Beginning balance	6,994,763,527	105,844,160,210	112,838,923,737
Increase due to completed construction		12,949,784,936	12,949,784,936
Decrease during the year		(4,733,342,019)	(4,733,342,019)
<b>Ending balance</b>	<b>6,994,763,527</b>	<b>114,060,603,127</b>	<b>121,055,366,654</b>
<b>Depreciation</b>			
Beginning balance		2,324,506,755	2,324,506,755
Depreciation during the year		2,858,679,879	2,858,679,879
Decrease during the year		(19,722,259)	(19,722,259)
<b>Ending balance</b>		<b>5,163,464,375</b>	<b>5,163,464,375</b>
<b>Net book value</b>			
Beginning balance	6,994,763,527	103,519,653,455	110,514,416,982
<b>Ending balance</b>	<b>6,994,763,527</b>	<b>108,897,138,752</b>	<b>115,891,902,279</b>



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According to the regulations in the Circular No. 232/2012/TT-BTC dated 28 December 2015, the fair value of investment property as of the balance sheet date should be presented. However, the Group has not been able to determine the fair value of investment properties.

List of investment properties as of the balance sheet date is as follows:

	<b>Historical costs</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
Land use right in Binh Duong	6,994,763,527		6,994,763,527
Commercial floor at Thuy Loi 4 Apartment Building	85,050,699,262	4,025,957,715	81,024,741,547
FLC Quy Nhon	20,793,460,948	1,039,673,040	19,753,787,908
Xuan Phuong Project	5,868,436,130		5,868,436,130
Fhome Apartment	2,348,006,787	97,833,620	2,250,173,167
<b>Total</b>	<b>121,055,366,654</b>	<b>5,163,464,375</b>	<b>115,891,902,279</b>

Income from and expenses for leasing properties during the year are VND 5,340,111,456 and VND 3,531,545,385 respectively.

**12. Construction in progress**

	<b>Beginning balance</b>	<b>Increase during the year</b>	<b>Increasing transfer in properties/asset during the year</b>	<b>Other decreasing transfer</b>	<b>Ending balance</b>
Purchase of fixed assets		510,000,000			510,000,000
Construction in progress	53,063,016,782	10,422,279,398	14,109,404,122	31,172,863,353	18,203,028,705
<i>Fhome Floor</i>	7,946,766,982		7,081,348,806	865,418,176	
<i>Xuan Phuong Project</i>	36,038,045,085		5,868,436,130	30,169,608,955	
<i>Other projects</i>	9,078,204,715	10,422,279,398	1,159,619,186	137,836,222	18,203,028,705
Large repair of fixed assets	47,457,273			47,457,273	
<b>Total</b>	<b>53,110,474,055</b>	<b>10,932,279,398</b>	<b>14,109,404,122</b>	<b>31,220,320,626</b>	<b>18,713,028,705</b>

**13. Short-term payable to suppliers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Payable on written premium	106,914,967,419	109,378,951,656
Payable on reinsurance activity	227,229,440,676	91,218,040,241
Payable for co-insurer	6,114,774,103	9,328,070,229
Payable to other suppliers	33,398,655,596	30,785,814,212
<b>Total</b>	<b>373,657,837,794</b>	<b>240,710,876,338</b>

**14. Prepayments from customers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Prepayments from customers for written premium	6,792,178,773	25,596,262,651
Prepayments from customers for other activities	323,930,306	210,197,195
<b>Total</b>	<b>7,116,109,079</b>	<b>25,806,459,846</b>

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**15. Taxes and other obligations to the State budget**

	<u>Ending balance</u>	<u>Beginning balance</u>
VAT on local sales	11,436,283,247	17,856,857,682
Corporate income tax	14,324,663,131	665,837,510
Personal income tax	6,099,787,959	7,230,997,333
Other taxes	178,570,941	315,724,264
<b>Total</b>	<b>32,039,305,278</b>	<b>26,069,416,789</b>

**Value added tax (VAT)**

The companies in the Group have to pay VAT in accordance with the deduction method at the rate of 10%.

**Corporate income tax**

The companies in the Group have to pay corporate income tax on taxable income at the rate of 20%.

The determination of corporate income tax payable of the Corporation is based on the prevailing regulations on taxes. However, these regulations change for each period and the regulations on taxes for various transactions can be explained in various ways. Therefore, the tax amount presented in the consolidated financial statements could change when being examined by the Tax Office.

**Other taxes**

The companies in the Group have declared and paid these taxes in line with the prevailing regulations.

**16. Short-term unrealized revenue**

Including written premium received in advance for the following periods.

**17. Unearned commission**

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	94,850,311,274	109,233,960,118
Increase during the year	279,383,491,902	195,775,313,448
Commission on reinsurance ceded recognized during the year	(237,115,495,348)	(210,158,962,292)
<b>Ending balance</b>	<b>137,118,307,828</b>	<b>94,850,311,274</b>

**18. Other short-term payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditure	2,726,087,240	2,110,142,165
Social insurance, health insurance, unemployment insurance	515,237,052	675,408,984
Dividends, profit payable	13,487,168,942	11,358,896,915
Withholding tax temporarily retained	3,056,493,053	2,421,497,458
Contribution to insurance fund	6,197,474,751	5,292,172,177
Premium collected from VNPost not collated yet	14,453,701,823	13,416,281,519
Customer bonus fund	2,454,669,995	2,209,067,927
Short-term deposits and mortgages assumed	16,399,000,000	
Others	27,634,175,515	33,048,309,105
<b>Total</b>	<b>86,924,008,371</b>	<b>70,531,776,250</b>



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**Notes to the consolidated financial statements (cont.)****19. Short-term loans and financial lease debts**

	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term loans from banks	197,144,455,000	70,000,000,000
<i>Shinhan Bank Vietnam</i> (*)	170,364,700,000	
<i>Vietcombank – Thang Long Branch</i> (**)	26,779,755,000	70,000,000,000
Due long-term loans	632,726,284	1,702,889,871
<b>Total</b>	<b>197,777,181,284</b>	<b>71,702,889,871</b>

(\*) This is the loan from Vietcombank – Thang Long Branch for the purpose of supplementing working capital with the interest rate of 4.7%/year for the loan arising in 2016 and 5%/year for the loan arising in 2017, the maximum loan term of 6 months commencing from the loan capital disbursement date. This loan is secured by mortgaging the deposits at 4 credit institutions including Vietcombank, Vietinbank, BIDV and Argibank (see Note V.2).

(\*\*) This is the loan from Shinhan Bank Vietnam for the purpose of issuing standby guarantee, L/C with the interest rate of 3-month libor plus margin of 0.8%, the maximum loan term until 31 March 2018, if by 31 March 2018, the Corporation provides the Bank with BOM Resolution regarding the extension of loans, this loan contract may be extended to 1 year commencing from the date of contract signing (30 November 2017) or earlier under the extension time stated in the BOM Resolution. This loan is secured by the termed deposits at 3 credit institutions including SHB, VPBank, Agribank – Gia Dinh Branch (see Note V.2).

The Group has solvency to pay short-term loans.

Details of increases/decreases in short-term loans during the year are as follows:

	<u>Beginning balance</u>	<u>Increase during the year</u>	<u>Transfer from long-term loans and debts</u>	<u>Amount already paid during the year</u>	<u>Ending balance</u>
Short-term loans from banks	70,000,000,000	620,564,148,140		493,419,693,140	197,144,455,000
<i>Shinhan Bank Vietnam</i>		170,364,700,000			170,364,700,000
<i>BIDV – Thanh Xuan</i>		20,000,000,000		20,000,000,000	
<i>Vietcombank – Thang Long Branch</i>	70,000,000,000	430,199,448,140		473,419,693,140	26,779,755,000
Due long-term loans	1,702,889,871		632,726,284	1,702,889,871	632,726,284
<b>Total</b>	<b>71,702,889,871</b>	<b>620,564,148,140</b>	<b>632,726,284</b>	<b>495,122,583,011</b>	<b>197,777,181,284</b>

# **POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

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Notes to the consolidated financial statements (cont.)

### **20. Technical reserve**

	Current year			Previous year		
	Written premium and reinsurance assumed reserve	Reinsurance ceded reserve	Net reserve	Written premium and reinsurance assumed reserve	Reinsurance ceded reserve	Net reserve
	(1)	(2)	(3) = (1) – (2)	(4)	(5)	(6) = (4) – (5)
<b>20a. Claim and unearned premium reserve</b>						
<i>1. Claim reserve<sup>(i)</sup></i>	<i>797,519,969,351</i>	<i>295,133,085,860</i>	<i>502,386,883,491</i>	<i>778,982,126,930</i>	<i>216,928,788,503</i>	<i>562,053,338,427</i>
Claim reserve for outstanding claims	789,813,341,350	295,133,085,860	494,680,255,490	749,868,461,352	216,928,788,503	532,939,672,849
Claim reserve for IBNR	7,706,628,001		7,706,628,001	29,113,665,578		29,113,665,578
<i>2. Unearned premium reserve<sup>(ii)</sup></i>	<i>1,647,879,368,341</i>	<i>525,983,018,605</i>	<i>1,121,896,349,736</i>	<i>1,585,666,973,133</i>	<i>331,811,783,188</i>	<i>1,253,855,189,945</i>
<b>Total</b>	<b>2,445,399,337,692</b>	<b>821,116,104,465</b>	<b>1,624,283,233,227</b>	<b>2,364,649,100,063</b>	<b>548,740,571,691</b>	<b>1,815,908,528,372</b>
<i>In which:</i>						
<sup>(i)</sup> Claim reserve						
Beginning balance	778,982,126,930	216,928,788,503	562,053,338,427	582,996,936,818	215,179,144,936	367,817,791,882
Appropriation during the year	18,537,842,421	78,204,297,357	(59,666,454,936)	195,985,190,112	1,749,643,567	194,235,546,545
Refund during the year						
<b>Ending balance</b>	<b>797,519,969,351</b>	<b>295,133,085,860</b>	<b>502,386,883,491</b>	<b>778,982,126,930</b>	<b>216,928,788,503</b>	<b>562,053,338,427</b>
<sup>(ii)</sup> Unearned premium reserve						
Beginning balance	1,585,666,973,133	331,811,783,188	1,253,855,189,945	1,264,462,864,552	298,110,560,168	966,352,304,384
Appropriation during the year	62,212,395,208	194,171,235,417	(131,958,840,209)	321,204,108,581	33,701,223,020	287,502,885,561
Refund during the year						
<b>Ending balance</b>	<b>1,647,879,368,341</b>	<b>525,983,018,605</b>	<b>1,121,896,349,736</b>	<b>1,585,666,973,133</b>	<b>331,811,783,188</b>	<b>1,253,855,189,945</b>

These notes form an integral part of and should be read in conjunction with the consolidated financial statements



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**Notes to the consolidated financial statements (cont.)****20b. Catastrophe reserve**

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	46,632,930,447	71,197,252,990
Additional appropriation during the year	22,815,110,140	25,435,677,457
Disbursement during the year		(50,000,000,000)
<b>Ending balance</b>	<b>69,448,040,587</b>	<b>46,632,930,447</b>

**20c. Reinsurance assets**

	<b>Ending balance</b>	<b>Beginning balance</b>
<i>Claim reserve for reinsurance ceded</i>	<i>295,133,085,860</i>	<i>216,928,788,503</i>
Claim reserve for outstanding claims	295,133,085,860	216,928,788,503
Claim reserve for IBNR		
<i>Reserve for reinsurance ceded premium</i>	<i>525,983,018,605</i>	<i>331,811,783,188</i>
<b>Total</b>	<b>821,116,104,465</b>	<b>548,740,571,691</b>

# **POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**

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Notes to the consolidated financial statements (cont.)

### **21. Owner's equity**

#### **21a. Statement of fluctuations in owner's equity**

	Owner's investment capital	Share premiums	Business promotion fund	Compulsory reserve fund	Retained profit after tax	Interest of non- controlling shareholders	Total
Beginning balance of the previous year	803,957,090,000	827,943,052,804	18,168,277,954	36,312,733,442	156,055,922,056	943,766,935	1,843,380,843,191
Profit in the previous year					108,299,767,800		108,299,767,800
Appropriation for funds					(6,957,260,554)		(124,083,333)
Share of dividends			1,605,166,881	5,228,010,340	(96,474,850,800)		(96,474,850,800)
Appropriation for customer bonus fund					(1,568,166,881)		(1,568,166,881)
Payment of allowances and bonuses to the BOM					(1,781,166,881)		(1,781,166,881)
Appropriation for the Executive officers' bonuses					(2,364,250,321)		(2,364,250,321)
Profit after tax of non-controlling shareholders						110,857,890	110,857,890
Other increase/decrease due to consolidation of associates					(215,847,664)		(215,847,664)
Other decreases						(5,916,667)	(5,916,667)
<b>Ending balance of the previous year</b>	<b>803,957,090,000</b>	<b>827,943,052,804</b>	<b>19,773,444,835</b>	<b>41,540,743,782</b>	<b>154,994,146,755</b>	<b>1,048,708,158</b>	<b>1,849,257,186,334</b>
Beginning balance of the current year	803,957,090,000	827,943,052,804	19,773,444,835	41,540,743,782	154,994,146,755	1,048,708,158	1,849,257,186,334
Profit during the year					153,693,761,147	49,227,226	153,742,988,373
Appropriation for funds					(8,712,238,862)		
Share of dividends during the year			1,285,602,068	7,426,636,794	(97,938,850,800)		(97,938,850,800)
Appropriation for customer bonus fund					(1,045,602,068)		(1,045,602,068)
Payment of allowances to the BOM and the Control Board					(1,234,602,068)		(1,234,602,068)
Appropriation for the Executive officers' bonuses					(1,568,403,102)		(1,568,403,102)
Other decrease due to consolidation					2,861,706	(65,988,156)	(63,126,450)
<b>Ending balance of the current year</b>	<b>803,957,090,000</b>	<b>827,943,052,804</b>	<b>21,059,046,903</b>	<b>48,967,380,576</b>	<b>198,191,072,708</b>	<b>1,031,947,228</b>	<b>1,901,149,590,219</b>

These notes form an integral part of and should be read in conjunction with the consolidated financial statements



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**Notes to the consolidated financial statements (cont.)****21b. Details of owner's contribution capital**

	<u>Ending balance</u>	<u>Beginning balance</u>
Contribution capital of shareholders	803,957,090,000	803,957,090,000
State's investment capital	182,256,480,000	182,256,480,000
Contribution capital of other shareholders	621,700,610,000	621,700,610,000
Share premiums	827,943,052,804	827,943,052,804
<b>Total</b>	<b><u>1,631,900,142,804</u></b>	<b><u>1,631,900,142,804</u></b>

**21c. Shares**

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares registered to be issued	80,400,000	80,400,000
Number of common shares already issued	80,395,709	80,395,709
Number of common shares repurchased		
Number of outstanding common shares	<b><u>80,395,709</u></b>	<b><u>80,395,709</u></b>

Face value per outstanding share: VND 10,000.

**21d. Profit distribution**

During the year, the Group distributed the profit in accordance with the Resolution of the 2017 Annual General Meeting of Shareholders No. 33/NQ-PTI-DHDCD dated 21 April 2017 as follows:

VND

• Share of dividends to shareholders	:	96,474,850,800
• Appropriation for business promotion fund	:	1,045,602,068
• Appropriation for customer bonus fund	:	1,045,602,068
• Payment of allowances to the BOM, Control Board	:	1,045,602,068
• Appropriation for the Executive officers' bonuses	:	1,568,403,102

**VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT****1. Sales of insurance premium**

	<u>Current year</u>	<u>Previous year</u>
Written premium	3,206,371,714,043	3,096,474,612,452
Health insurance and human accident insurance	856,104,186,717	565,659,717,716
Property and damage insurance	276,810,804,916	265,797,203,194
Cargo insurance	100,746,397,250	102,115,123,206
Aviation insurance	15,390,467,860	13,353,003,741
Motor vehicle insurance	1,736,690,642,185	1,855,742,272,024
Fire insurance	107,614,624,249	107,225,137,805
Hull and civil liability of ship owner insurance		87,151,360,369
Joint liability insurance	34,316,008,758	98,809,217,164
Business damage insurance	575,315,522	621,577,233
Reinsurance assumed premium	143,631,384,852	129,700,247,181
Health insurance and human accident insurance	54,649,000,694	28,908,549,176
Property and damage insurance	60,381,066,299	72,975,078,865
Cargo insurance	7,740,407,171	7,564,903,521
Aviation insurance	177,193,755	940,614,438
Motor vehicle insurance	1,409,955,850	1,517,725,923

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Notes to the consolidated financial statements (cont.)

	<b>Current year</b>	<b>Previous year</b>
<i>Fire insurance</i>	5,646,768,315	5,754,783,145
<i>Hull and civil liability of ship owner insurance</i>	8,469,455,189	7,468,306,489
<i>Joint liability insurance</i>	4,906,072,355	4,557,769,624
<i>Agricultural insurance</i>	251,465,224	12,516,000
Deductions in reinsurance premium assumed		
Increase/decrease in reserve for written premium and reinsurance assumed	(62,212,395,208)	(321,204,558,581)
<b>Total</b>	<b>3,287,790,703,687</b>	<b>2,904,970,301,052</b>
<b>2. Reinsurance premium ceded</b>		
	<b>Current year</b>	<b>Previous year</b>
Reinsurance ceded premium	1,068,492,024,874	682,607,113,937
<i>Health insurance and human accident insurance</i>	412,601,614,206	86,650,613,157
<i>Property and damage insurance</i>	312,994,872,462	220,084,507,649
<i>Cargo insurance</i>	33,051,975,327	37,967,095,120
<i>Motor vehicle insurance</i>	145,146,322,961	161,868,462,232
<i>Fire insurance</i>	61,057,588,344	62,214,724,006
<i>Hull and civil liability of ship owner insurance</i>	56,743,045,587	43,019,841,179
<i>Joint liability insurance</i>	46,761,452,666	70,801,870,595
<i>Agricultural insurance</i>	135,153,321	
Increase/decrease in reserve for reinsurance premium ceded	(194,171,235,417)	(33,701,223,020)
<b>Reinsurance premium ceded</b>	<b>874,320,789,457</b>	<b>648,905,890,917</b>
<b>3. Sales of selling other goods and providing other services</b>		
	<b>Current year</b>	<b>Previous year</b>
Sales of trading petrol	91,820,385,371	81,647,456,610
Sales of providing telecommunication equipment and inbuilding project	22,667,630,875	25,175,658,695
<b>Total</b>	<b>114,488,016,246</b>	<b>106,823,115,305</b>
<b>4. Sales of trading investment property</b>		
	<b>Current year</b>	<b>Previous year</b>
Leasing investment property	5,340,111,456	2,702,228,400
Selling investment property	9,808,966,601	2,265,247,584
<b>Total</b>	<b>15,149,078,057</b>	<b>4,967,475,984</b>
<b>5. Total claim expenses</b>		
	<b>Current year</b>	<b>Previous year</b>
Total claim expenses	1,683,410,889,298	1,208,404,100,462
<i>Health insurance and accident insurance</i>	307,941,536,079	225,835,636,339
<i>Property and damage insurance</i>	113,427,092,052	73,491,899,757
<i>Cargo insurance</i>	84,250,145,087	33,433,522,086
<i>Aviation insurance</i>	192,120,560	4,573,067
<i>Motor vehicle insurance</i>	1,064,913,606,479	804,386,270,992



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Notes to the consolidated financial statements (cont.)

	<b>Current year</b>	<b>Previous year</b>
<i>Fire insurance</i>	22,092,946,551	11,053,613,373
<i>Hull and civil liability of ship owner insurance</i>	32,193,669,397	33,837,982,155
<i>Joint liability insurance</i>	58,370,913,093	26,360,602,693
<i>Agricultural insurance</i>	28,860,000	
Receiving indemnity of reinsurance ceded	(423,122,583,392)	(235,547,984,309)
Increase/decrease in claim reserve for written premium and reinsurance assumed	18,537,842,421	195,985,190,112
Increase/decrease in indemnity reserve for reinsurance ceded	(78,204,297,357)	(1,749,643,567)
<b>Total claim expenses</b>	<b>1,200,621,850,970</b>	<b>1,167,091,662,698</b>
<b>6. Other expenses for insurance operation</b>		
	<b>Current year</b>	<b>Previous year</b>
Insurance commission	332,656,891,735	277,947,672,582
Insurance agency management	178,702,347,564	154,714,705,102
Damage limit provision	20,364,956,457	22,432,889,304
Insurance funds	11,813,101,443	10,929,108,617
Others	461,725,816,357	390,831,829,444
<b>Total</b>	<b>1,005,263,113,556</b>	<b>856,856,205,049</b>
<b>7. Costs of providing other goods, services</b>		
	<b>Current year</b>	<b>Previous year</b>
Costs of petrol already sold	87,404,887,263	77,141,859,676
Costs of telecommunication equipment and inbuilding project already provided	12,446,687,133	16,689,358,879
<b>Total</b>	<b>99,851,574,396</b>	<b>93,831,218,555</b>
<b>8. Costs of investment property</b>		
	<b>Current year</b>	<b>Previous year</b>
Leasing investment property	3,531,545,385	1,887,918,349
Selling investment property	4,713,619,760	
Others	1,514,907,806	
<b>Total</b>	<b>9,760,072,951</b>	<b>1,887,918,349</b>
<b>9. Financial income</b>		
	<b>Current year</b>	<b>Previous year</b>
Termed deposit interest	105,170,947,998	105,344,821,968
Demand deposit interest	389,864,014	444,583,113
Interest on trading Government bonds	9,672,133,333	
Interest on trading securities	121,216,805,354	38,777,398,494
Dividends and profit shared	6,726,131,746	5,043,836,080
Gain on realized exchange rate differences	2,024,840,009	2,097,602,857
Others	217,044,957	5,282,585,079
<b>Total</b>	<b>245,417,767,411</b>	<b>156,990,827,591</b>

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**Notes to the consolidated financial statements (cont.)****10. Financial expenses**

	<b>Current year</b>	<b>Previous year</b>
Loan interest expenses	5,638,287,801	324,321,033
Loss from realized exchange rate difference	1,812,996,321	1,306,454,065
Loss from trading securities	10,869,627,604	10,080,659,375
Provision for/(Refund of) devaluation of short-term and long-term investments	49,911,724,746	1,590,185,247
Others	25,208,282,059	23,429,629,362
<b>Total</b>	<b>93,440,918,531</b>	<b>36,731,249,082</b>

**11. Administrative overheads**

	<b>Current year</b>	<b>Previous year</b>
Expenses for staff	309,983,778,808	298,842,498,366
Expenses for materials, supplies	19,442,809,851	18,216,618,742
Expenses for managing tools	9,914,314,857	10,363,879,569
Depreciation of fixed assets	11,111,223,711	9,244,371,501
Taxes, fees and duties	16,662,944,841	11,011,477,271
Contingent expenses	4,873,381,548	(3,499,481,819)
External services hired	75,699,707,052	67,745,958,779
Others	91,936,627,296	82,217,730,339
<b>Total</b>	<b>539,624,787,964</b>	<b>494,143,052,748</b>

**12. Basic earnings/declined interest per share**

	<b>Current year</b>	<b>Previous year</b>
Accounting profit after corporate income tax	153,693,761,147	108,299,767,800
Appropriation for customer bonus fund	(1,536,937,611)	(1,045,602,068)
Appropriation for allowances for the BOM and the Control Board	(1,536,937,611)	(1,234,602,068)
Appropriation for the Executive officers' bonuses	(2,305,406,417)	(1,568,403,102)
Increase/decrease adjustments of accounting profit to determine profit attributable to common equity holders		
Profit distributed to common equity holders	148,314,479,508	104,451,160,562
Average number of common shares outstanding during the year	80,395,709	80,395,709
<b>Basic earnings/declined interests per share</b>	<b>1,845</b>	<b>1,299</b>

Average number of common shares outstanding during the year are calculated as follows:

	<b>Current year</b>	<b>Previous year</b>
Common outstanding at the beginning of the year	80,395,709	80,395,709
Effects of common shares repurchased		
Effects of common shares issued		
<b>Average number of common shares outstanding during the year</b>	<b>80,395,709</b>	<b>80,395,709</b>



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Basic earnings per share in the previous year were re-calculated due to subtracting the appropriation for customer bonus fund, allowances for the BOM and the Control Board, the Executive officers' bonuses when determining profit to calculate basic earnings per share as guided in the Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance. This application of new regulations has made basic earnings per share in the previous year decrease from VND 1,347 down to VND 1,299.

There have not been any transactions of common shares or potential transactions of common shares from the balance sheet date to the disclosure date of these consolidated financial statements

## VII. OTHER INFORMATION

### 1. Transactions with related parties

*Income of the key managers is as follows:*

	Current year	Previous year
Salary of the Executive Officers	7,754,846,071	6,287,334,476
Allowances for the BOM and the Control Board	1,045,602,068	1,551,947,602
<b>Total</b>	<b>8,800,448,139</b>	<b>7,839,282,078</b>

### *Transactions with other related parties*

Other related parties of the Corporation include:

#### **Other related parties**

	Relationship
Vietnam Post Corporation (VNPost)	Founder
DB Insurance Co., Ltd.	Large shareholder
Vietnam Petrol Commercial Corporation (VinaPetro)	Subsidiary
VN-IBS., JSC.	Subsidiary
Post Real Estate Joint Stock Company (PostRe)	Associate
Lanexang Assurance Public Insurance JSC. (LAP)	Associate
Kasati JSC.	Associate

Apart from transactions with subsidiaries, joint ventures and associates as presented in Note V.2c, the Corporation has also had other transactions with other related parties as follows:

	Current year	Previous year
<b>DB Insurance Co., Ltd.</b>		
<i>Reinsurance ceded</i>		
Reinsurance premium ceded	2,439,286,826	1,578,622,130
Receiving commission on reinsurance ceded	925,296,973	514,661,092
Receiving indemnity of reinsurance ceded	368,660,306	26,710,204
<b>VINARE</b>		
<i>Reinsurance assumed</i>		
Reinsurance premium assumed	84,226,166,562	15,894,366,753
Commission expenses for reinsurance assumed	19,936,196,592	4,123,598,085
Claim expenses for reinsurance assumed	76,757,192,303	6,523,582,559
<i>Reinsurance ceded</i>		
Reinsurance premium ceded	88,116,337,692	45,131,712,442

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**Notes to the consolidated financial statements (cont.)**

	<u>Current year</u>	<u>Previous year</u>
Receiving commission on reinsurance ceded	20,579,298,027	9,511,267,707
Receiving indemnity of reinsurance ceded	32,326,286,192	11,061,527,176

As of the balance sheet date, the liabilities with other related parties were as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
VINARE	13,679,646,236	4,824,736,312
<b>Total liabilities receivable</b>	<b>13,679,646,236</b>	<b>4,824,736,312</b>
DB Insurance Co., Ltd.	509,162,585	898,718,844
<b>Total liabilities payable</b>	<b>509,162,585</b>	<b>898,718,844</b>

The prices of goods and services provided for related parties are the market prices. The purchase of goods and services from related parties is implemented in accordance with the market prices.

Liabilities receivable are unsecured and will be paid in cash. No provision for bad debts has been prepared for liabilities receivable from related parties.

**2. Segment information**

The segment information is presented in accordance with business segments and geographical segments. The primary reporting format is the business segments as risk and profit margin of the Group are mainly affected by differences on products and services provided by the Group.

**Business segments**

The Group has had the major business segments as follows:

- Insurance segment: providing non-life insurance products.
- Other segments: trading petroleum products, leasing investment property, trading telecommunication equipment and inbuilding projects.

Information on business results, fixed assets, other long-term assets and values of non-cash large expenses of business segments of the Group is as follows:

	<u>Insurance segment</u>	<u>Other segments</u>	<u>Total</u>
Net sales of selling goods and providing services externally	2,781,985,447,762	129,637,094,303	2,911,622,542,065
Net sales of selling goods and providing services among segments			
<b>Total net sales</b>	<b>2,781,985,447,762</b>	<b>129,637,094,303</b>	<b>2,911,622,542,065</b>
Segment business results	21,043,707,576	10,900,844,524	31,944,552,100
Expenses not allocated for each segment			
Profit from business operation			31,944,552,100
Financial income	245,397,736,392	20,031,019	245,417,767,411
Financial expenses	(91,532,215,620)	(1,908,702,911)	(93,440,918,531)
Gain or loss in associates			2,308,806,005
Other income	1,348,272,730	73,727	1,348,346,457



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Other expenses	(857,047,636)	(282,254,897)	(1,139,302,533)
Current corporate income tax			(32,696,262,536)
Deferred corporate income tax			
<b>Profit after corporate income tax</b>			<b>153,742,988,373</b>
<b>Total expenses arising to purchase fixed assets and other long-term assets</b>	<b>58,605,721,571</b>	<b>10,422,279,398</b>	<b>69,028,000,969</b>
<b>Total depreciation expenses and allocation of long-term prepaid expenses</b>	<b>43,025,973,469</b>	<b>3,738,240,957</b>	<b>46,764,214,426</b>
<b>Previous year</b>			
Net sales of selling goods and providing services externally	2,542,387,176,731	111,790,591,289	2,654,177,768,020
Net sales of selling goods and providing services among segments			
<b>Total net sales</b>	<b>2,542,387,176,731</b>	<b>111,790,591,289</b>	<b>2,654,177,768,020</b>
Segment business results	4,793,388,571	7,982,665,619	12,776,054,190
Expenses not allocated for each segment			
Profit from business operation			12,776,054,190
Financial income	156,539,411,238	451,416,353	156,990,827,591
Financial expenses	(36,020,495,951)	(710,753,131)	(36,731,249,082)
Gain or loss in joint ventures, associates			2,211,318,236
Other income	953,719,183	14,547,443	968,266,626
Other expenses	(1,994,457,338)	(486,564,733)	(2,481,022,071)
Current corporate income tax			(25,599,112,567)
Deferred corporate income tax			275,542,767
<b>Profit after corporate income tax</b>			<b>108,410,625,690</b>
<b>Total expenses arising to purchase fixed assets and other long-term assets</b>	<b>82,070,137,408</b>	<b>1,033,349,684</b>	<b>83,103,487,092</b>
<b>Total depreciation expenses and allocation of long-term prepaid expenses</b>	<b>35,077,326,050</b>	<b>3,846,031,767</b>	<b>38,923,357,817</b>

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Assets and liabilities of business segments based on the Group are as follows:

	<b>Insurance segment</b>	<b>Other segments</b>	<b>Total</b>
<b>Ending balance</b>			
Direct assets of segments	5,348,508,377,413	77,919,285,964	5,426,427,663,377
Assets allocated for segment			
Assets not allocated for each segment			(27,444,793,046)
<b>Total assets</b>			<b><u>5,398,982,870,331</u></b>
Direct payable liabilities of segments	3,460,448,195,675	40,677,171,145	3,501,125,366,820
Payable liabilities allocated for each segment			
Payable liabilities not allocated for each segment			(3,292,086,708)
<b>Total payable liabilities</b>			<b><u>3,497,833,280,112</u></b>
<b>Beginning balance</b>			
Direct assets of segments	4,895,212,006,437	63,203,110,163	4,958,415,116,600
Assets allocated for segment			
Assets not allocated for each segment			(19,015,222,306)
<b>Total assets</b>			<b><u>4,939,399,894,294</u></b>
Direct payable liabilities of segments	3,057,165,880,311	37,255,023,296	3,094,420,903,607
Payable liabilities allocated for each segment			
Payable liabilities not allocated for each segment			(2,492,308,931)
<b>Total payable liabilities</b>			<b><u>3,091,928,594,676</u></b>

**Geographical segments**

All operations of the Group take place in Vietnamese territory only.

**3. Financial risk management**

Operations of the Group include the following financial risks: credit risk, liquidity risk and market risk. The Management Board is responsible for designing policies and controls to minimize financial risks as well as supervising the application of those policies and controls.

**3a. Credit risk**

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the Group.

The Group has had credit risks mainly from accounts receivable from customers and cash in bank.

**Receivable from customers**

In order to manage accounts receivable from customers, the Management Board has issued selling regulations with strict rules on purchasers, sale limit, credit limit and debt duration specifically. The Management Board monthly checks the compliance with these regulations. In addition, accounting staffs often follow debts for recovery.



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Accounts receivable from customers of the Group relate to various entities operating in different fields and geographical areas, therefore, concentrated credit risk of accounts payable is low.

#### *Cash in bank*

Most termed and demand deposits of the Group are deposited in local banks. The Management Board does not realize any material credit risk in those deposits.

Maximum level of credit risk for financial assets is the net book value of the financial assets (See Note VII.4 regarding net book value of financial assets).

Analysis of overdue time and devaluation of financial assets is as follows:

	Not yet overdue or devalued	Already overdue and/or devalued	Total
<b>Ending balance</b>			
Cash and cash equivalents	108,166,401,355		108,166,401,355
Financial assets recognized at fair value through profit or loss statement	229,607,091,146	57,777,108,825	287,384,199,971
Investments held to maturity date	2,584,378,828,222	40,831,822,587	2,625,210,650,809
Receivable from customers	400,813,730,400	57,110,442,039	457,924,172,439
Other receivable	191,671,442,085	19,688,811,280	211,360,253,365
Financial assets available for sale	188,308,980,595	97,120,812,685	285,429,793,280
<b>Total</b>	<b>3,702,946,473,803</b>	<b>272,528,997,416</b>	<b>3,975,475,471,219</b>
<b>Beginning balance</b>			
Cash and cash equivalents	77,133,874,904		77,133,874,904
Financial assets recognized at fair value through profit or loss statement	132,927,089,115	12,014,061,518	144,941,150,633
Investments held to maturity date	2,657,353,347,222	33,386,024,360	2,690,739,371,582
Receivable from customers	388,000,354,820	50,060,972,870	438,061,327,690
Other receivable	167,738,614,642	20,571,633,120	188,310,247,762
Financial assets available for sale	202,618,566,400	32,840,000,000	235,458,566,400
<b>Total</b>	<b>3,625,771,847,103</b>	<b>148,872,691,868</b>	<b>3,774,644,538,971</b>

#### **3b. Liquidity risk**

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities due to lack of cash.

The Group's liquidity risk is mainly from financial assets and financial liabilities with different maturity dates.

The Group has managed the liquidity risk by frequently following current and forecasted payment requests to maintain a suitable amount of cash as well as loans at a reasonable level, supervising cash flow actually arising in comparison with estimation to minimize the effects of cash flow fluctuations.



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The payment term of non-derivative financial liabilities (including interest payable) is based on estimated payments according to the contracts but not discounted yet as follows:

	Under 1 year	From 1 year to 5 years	Over 5 years	Total
<b>Ending balance</b>				
Payable to suppliers	373,657,837,794			373,657,837,794
Loans and debts	197,777,181,284	6,738,169,403		204,515,350,687
Other payable	67,864,083,313	1,120,456,136		68,984,539,449
<b>Total</b>	<b>639,299,102,391</b>	<b>7,858,625,539</b>		<b>647,157,727,930</b>
<b>Beginning balance</b>				
Payable to suppliers	240,710,876,338			240,710,876,338
Loans and debts	71,702,889,871	3,005,779,741		74,708,669,612
Other payable	68,036,810,737	1,030,456,136		69,067,266,873
<b>Total</b>	<b>380,450,576,946</b>	<b>4,036,235,877</b>		<b>384,486,812,823</b>

The Management Board realizes that risk level for debt payment is low. The Group has liquidity of due debts by cash flows from business operations and receipts from due financial assets. The Group is able to access capital sources and loans on due within 12 months can be extended by present lenders.

### 3c. Market risk

Market risk is the risk that fair value or cash flows in the future of financial instruments will change according to changes of market prices.

The market risk related to operation of the Group includes foreign currency risk, interest rate risk and risk related to price of securities.

The analyses of sensitivity and evaluations hereafter are related to the financial position of the Group as of 31 December 2017 and 1 January 2017 and are based on the value of net liabilities. Changes in foreign exchange rates, interest rates, price of securities used in the analyses of sensitivity are based on the evaluation of ability to occur within the next one year under observable circumstances of the market at present.

#### Foreign currency risk

Foreign currency risk is the risk that fair value or cash flows in the future of financial instruments will change according to the fluctuations of foreign exchange rates.

The Group manages risks concerning fluctuations in exchange rates by optimizing maturity of debts, forecasting foreign exchange rates, maintaining reasonably structure of borrowing and loans between foreign currencies and VND, choosing time of buying and paying of items in foreign currencies at the time of low foreign exchange rate, utilizing available cash resources to balance between foreign exchange risk and liquidity risk.

The Management Board realizes the impact level due to fluctuations in foreign exchange rates to profit after tax and owner's equity of the Group is not material.

#### Interest rate risk

Interest rate risk is the risk that fair value or cash flows in the future of financial instrument will change according to changes of market interest rates.



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Interest rate risk of the Group is mainly related to termed deposits and loans at floating interest rate.

The Group has managed the interest rate risk by analyzing the market situation to make reasonable decisions in choosing time of loans with suitable terms as to gain the most profitable interest rates as well as maintaining the suitable structure of loans at floating rates and fixed rates.

Financial instruments with floating interest rates of the Group are as follows:

	<b>Ending balance</b>	<b>Beginning balance</b>
Cash and cash equivalents	4,325,000,000	1,115,000,000
Investments held to maturity dates	2,625,210,650,809	2,690,739,371,582
Loans and debts	(204,515,350,687)	(74,708,669,612)
<b>Net assets/(liabilities) payable</b>	<b>2,425,020,300,122</b>	<b>2,617,145,701,970</b>

As of the balance sheet date, with the assumption of other unchangeable variables, if the interest rate of loans in VND with floating rate increased/decreased by 2%, profit after tax and owner's equity of the current year of the Group would increase/decrease by VND 38,800,324,802 (last year they had increased/decreased by VND 35,424,739,956). The sensitivity level to fluctuations of interest rates of the current year increase/decrease in comparison with that of the previous year due to the increase/decrease in loans at floating interest rates.

*Risk related to price of securities*

Securities held by the Group can be affected by risks related to future values of investment securities. The Group manages the risk related to price of securities by setting up investment limit and diversifying investment portfolio.

As of the balance sheet date, with the assumption of other unchangeable variables, if prices of listed securities invested by the Group increased/decreased by 2%, profit after tax and owner's equity of the current year of the Group would increase/decrease by VND 4,598,147,200 (last year they had increased/decreased by VND 3,344,513,423) due to decrease/increase in reserves. The sensitivity level to fluctuations in prices of securities in the current year does not change materially in comparison with that of the previous year. The sensitivity level to changes in prices of securities in the current year does not change materially in comparison with that of the previous year.

**3d. Collaterals**

The Group has had no financial assets used as collaterals to other entities as well as collaterals received from other entities as of 31 December 2017 and as of 31 December 2016.

**4. Financial assets and liabilities***Financial assets*

	<b>Ending balance</b>		<b>Beginning balance</b>	
	<b>Historical costs</b>	<b>Provision</b>	<b>Historical costs</b>	<b>Provision</b>
Cash and cash equivalents	108,166,401,355		77,133,874,904	-
Financial assets recognized at fair value through profit or loss statement	287,384,199,971	(5,688,220,092)	144,941,150,633	(263,490,518)
Investments held to maturity date	2,625,210,650,809	(31,235,306,464)	2,690,739,371,582	(23,891,306,464)
Receivable from customers	457,924,172,439	(45,811,910,298)	438,061,327,690	(40,055,706,911)
Other receivable	211,360,253,365	(19,688,811,280)	188,310,247,762	(20,571,633,120)
Financial assets available for sale	285,429,793,280	(41,638,199,726)	235,458,566,400	(4,495,204,554)
<b>Total</b>	<b>3,975,475,471,219</b>	<b>(144,062,447,860)</b>	<b>3,774,644,538,971</b>	<b>(89,277,341,567)</b>



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**Financial liabilities**

Net book value of financial liabilities is as follows:

	<b>Ending balance</b>	<b>Beginning balance</b>
Payable to suppliers	373,657,837,794	240,710,876,338
Loans and debts	204,515,350,687	74,708,669,612
Others	68,984,539,449	69,067,266,873
<b>Total</b>	<b>647,157,727,930</b>	<b>384,486,812,823</b>

**Fair value**

The Group has not determined the fair values of financial assets and liabilities in accordance as the Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance as well as the prevailing regulations have not given out any detailed guidance.

**5. Several figures to assess overall financial position and business results**

<b>Items</b>	<b>Unit</b>	<b>Current year</b>	<b>Previous year</b>
<b>Structures of assets and capital sources</b>			
<b>Structure of assets</b>			
Current assets/Total assets	%	80.66	71.62
Long-term assets/Total assets	%	19.34	28.38
<b>Capital sources</b>			
Liabilities/Total capital sources	%	64.79	62.60
Owner's equity/Total capital sources	%	35.21	37.40
<b>Solvency</b>			
Current solvency	Time	1.54	1.60
Short-term liabilities solvency	Time	1.25	1.15
Quick solvency	Time	0.03	0.02
<b>Solvency</b>	Time	125.14	310.17
<b>Profit ratio</b>			
<b>Profit ratio/Revenue</b>			
Profit ratio before tax/Net revenue	%	6.70	5.26
Profit ratio after tax/Net revenue	%	5.53	4.27
<b>Profit ratio/Total assets</b>			
Profit ratio before tax/Total assets	%	3.45	2.71
Profit ratio after tax/Total assets	%	2.85	2.20
<b>Profit ratio after tax/Owner's equity</b>	<b>%</b>	<b>8.09</b>	<b>5.87</b>

**6. Insurance risk**

The first objective of the Group in capital management is to maintain sufficient capital to support its business growth and meet its legal capital requirements. The Group is aware of the impacts on the shareholders' profit, the level of capital contribution and learn how to maintain a prudent balance.

The legal capital requirements arise from the Group's operations and require the Group to maintain sufficient capital to settle its debts and meet the requirements on solvency margin in Vietnam. The



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solvency requirement applicable to the Group is stipulated in the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance guiding the implementation of Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government on the Law on Insurance Business.

The attached appendix (pages 57 - 58) presents the minimum solvency margin and solvency margin of the Group. Policy makers are concerned about the protection of the insured's benefits and keep tracking to ensure that insurance companies are operating effectively for the insured's benefits. They are also concerned about the assurance that insurance companies are able to maintain adequate solvency to respond to unexpected insurance obligations due to economic recession or natural disasters.

#### 7. Subsequent events

There have been no material events after the balance sheet date, which need to make adjustments on the figures or the disclosures in the consolidated financial statements.

Prepared on 6 March 2018

Prepared by



Nguyen Thi Ngoc Khue

Chief Accountant



Cao Thu Hien

General Director



Bui Xuan Thu

## SOLVENCY STATEMENT

Unit: VND

		Current year	Previous year
<b>I.</b>	<b>Difference between asset value and liabilities payable</b>	<b>1,901,149,590,219</b>	<b>1,849,257,186,334</b>
1.	Total assets	5,398,982,870,331	4,941,185,781,010
2.	Liabilities payable	3,497,833,280,112	3,091,928,594,676
<b>II.</b>	<b>Asset value excluded</b>	<b>348,741,556,681</b>	<b>340,356,490,480</b>
<b>1.</b>	<b>Assets of which accounting values are fully excluded:</b>	<b>66,201,354,547</b>	<b>79,749,548,570</b>
1.1	Capital contribution to establish other insurance companies from the owner's equity of insurance company	20,152,200,000	24,362,862,849
1.2	Assets equivalent to bonus and welfare funds	-	131,574,365
1.3	Bad debts as regulated less relevant provision for bad debts	-	-
1.4	Intangible fixed assets except for computer software	-	-
1.5	Prepaid expenses, loans without guarantee, advances, office equipment and stationery, inter-company receivable	44,513,866,229	38,949,957,695
1.6	Receivable on insurance premium and reinsurance premium assumed overdue 2 years less relevant provision for bad debts as regulated	1,535,288,318	2,043,652,756
1.7	Loans, re-investment to shareholders or related objects as regulated in Article 4 of the Business Law except for the case of bank deposits	-	14,261,500,905
<b>2.</b>	<b>Assets of which accounting values are partly excluded:</b>	<b>282,540,202,134</b>	<b>260,606,941,911</b>
2.1	Investment assets:	113,440,066,081	110,118,204,302
a)	Secured bonds: excluding 1% of accounting value;	-	500,000,000
b)	Unsecured bonds: excluding 3% of accounting value;	2,940,000,000	2,400,000,000
c)	Listed shares: excluding 15% of accounting value;	41,968,134,957	8,794,685,434
d)	Unlisted shares: excluding 20% of accounting value;	31,883,349,392	61,501,395,980
d)	Direct investments in property used by the company itself: excluding 8% of accounting value;	9,119,515,644	967,325,626
e)	Direct investments in property for lease, secured trading loans: excluding 15% of accounting value;	1,049,214,529	15,527,948,018
g)	Contribution capital to other entities except for insurance companies: excluding 20% of accounting value.	26,479,851,559	20,426,849,243



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**APPENDIX**

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2.2	Accounts receivable	3,609,638,909	3,278,249,389
a)	Receivable on insurance premium and reinsurance premium assumed overdue from 180 days to under 1 year less relevant provision for bad debts as regulated: excluding 30%	1,907,974,203	1,053,835,819
b)	Receivable on insurance premium and reinsurance premium assumed overdue from 1 year to under 2 years less relevant provision for bad debts as regulated: excluding 50%.	1,701,664,706	2,224,413,571
2.3	Tangible fixed assets, intangible fixed assets which are computer software and inventories: excluding 25% of accounting value	22,292,399,492	20,540,368,360
2.4	Other assets: excluding 15% of accounting value	143,198,097,651	126,670,119,860
III.	<b>Solvency margin (I-II)</b>	<b>1,552,408,033,538</b>	<b>1,508,900,695,854</b>
IV.	<b>Minimum solvency margin</b>		
	25% total retained premium	570,377,768,505	635,891,936,424
	Comparison of solvency margin and minimum solvency margin (III and IV)		
	Absolute figure difference	982,030,265,033	873,008,759,430
	Percentage (%) difference	272%	237%

Prepared on 6 March 2018

Prepared by



Nguyen Thi Ngoc Khue

Chief Accountant



Cao Thu Hien

General Director



Bui Xuan Thu

