

ANNUAL REPORT

For the year ended 31 December 2017

I – History of establishment and operation

BIDV MetLife Life Insurance Limited Liability Company (BIDV MetLife) is a joint venture between MetLife Limited, the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), and BIDV's affiliate, Bank for Investment and Development of Vietnam Insurance Joint Stock Corporation (BIC) and established under Investment Certificate No.72GP/KDBH dated 21 July 2014 issued by Ministry of Finance (MOF).

2013

July 24

MetLife, Inc. and Bank for Investment & Development of Vietnam (BIDV) signed a memorandum of understanding (MOU) to establish a Life insurance joint-venture in Vietnam. The MOU highlights MetLife's ambition of expanding its business into Southeast Asia and underlines its continuing commitment to the Asia region. At the same time, the MOU also represents BIDV's strategic direction into the field of life insurance, which is in line with and complements the Bank's business tradition.

September 26

MetLife, Inc., Bank for Investment & Development of Vietnam (BIDV), and Bank for Investment and Development of Vietnam Insurance Corporation (BIC) signed an agreement to establish a Life insurance joint venture (JV) in Vietnam. It delivers on a key component of MetLife's strategy - expanding its presence in emerging markets.

2014

July 21

BIDV MetLife LLC was granted Business License No. 72/GP/KDBH by Ministry of Finance

November

BIDV MetLife launched sales in 24 BIDV branches in Hanoi and Ho Chi Minh city

2015

Extended business to another 9 provinces of Ba Ria-Vung Tau, Binh Duong, Dong Nai, Tien Giang, Bac Ninh, Hai Duong, Hai Phong, Quang Ninh, and Thai Nguyen. BIDV MetLife's products were available in 48 branches and 240 transaction offices of BIDV.

2016

April

Completed business expansion nationwide, BIDV MetLife's products and services were available in 180 BIDV branches in 63 provinces.

This partnership combines the strength of both sides – BIDV's understandings of the local market and its extensive network with MetLife's global expertise and financial strength – to develop BIDV MetLife to be a trusted and modern life insurer in Vietnam.

The Company has headquarter located on the 10th Floor, Tower A, Vincom City Towers, 191 Ba Trieu Street, Le Dai Hanh ward, Hai Ba Trung District, Hanoi and 01 branch at Green Power Building, 35 Ton Duc Thang Street, District 1, Ho Chi Minh City.

II – Report of General Director

With the strategy of long term value creation and refocusing our business towards longer term protection and savings for our consumers, in 2017, the Company has successfully shifted product mix from short term Endowment to long term Universal Life. This has been done whilst maintaining a high 13th month persistency of 95% . Despite the shift to longer term products, the team was able to deliver a YoY total premium growth of 101 % and New Business premium growth of 41 %. This is higher than the average growth rate of the market.

In 2017, the company continued its focus on developing its exclusive Bancassurance partnership with BIDV and as a result generated 100% distribution through Bancassurance. The company is taking steps to further strengthen its distribution network within BIDV through deployment of a proprietary sales force across all Branches and Transaction Offices of BIDV. The company also intends to provide life insurance solutions to suit the needs of SME and Corporate Customers of BIDV.

After being in operation for 3 years and being one of the newest players in the market, by the end of 2017 the company has achieved a ranking of 5th in bancassurance channel in new business and is ranked 11th amongst 18 life insurance companies in the market in terms of total premium.

The company has made strong investments in people and technology. The employees are encouraged to use digital tools in all processes and over 90% of the sales are now done through our digital solution – Global Sales Platform which is operated on iPad given to front line executives. The company has a strong management team with an embedded Risk and Compliance culture.

III – Extract Financial Statement (for year ended 31 December 2017)

BALANCE SHEET

ASSETS	Closing balance	Opening balance
A. CURRENT ASSETS	519,057,452,242	583,066,265,198
I. Cash and cash equivalents	31,695,670,934	62,560,322,553
II. Short - term financial investments	381,152,272,915	456,006,143,000
III. Short - term receivables	102,395,925,092	61,071,770,186
IV. Inventories	2,074,746,117	1,002,531,065
V. Other short - term assets	1,738,837,184	2,425,498,394
B. NON - CURRENT ASSETS	975,220,935,938	530,837,773,795
I. Long - term receivables	12,865,160,748	12,865,160,748
II. Fixed assets	64,108,292,138	59,406,712,422
1. Tangible fixed assets	3,170,589,053	3,765,842,295
2. Intangible assets	50,679,594,104	53,874,462,188
3. Construction in progress	10,258,108,981	1,766,407,939
III. Long - term financial investments	887,465,027,671	440,200,938,694
IV. Other long - term assets	10,782,455,381	18,364,961,931
TOTAL ASSETS	1,494,278,388,180	1,113,904,038,993
RESOURCES	Closing balance	Opening balance
A. LIABILITIES	883,105,711,055	450,610,624,701
I. Current liabilities	77,132,700,425	126,993,411,461
II. Non - current liabilities	805,973,010,630	323,617,213,240
B. EQUITY	611,172,677,125	663,293,414,292
I. Owner's equity	611,172,677,125	663,293,414,292
TOTAL RESOURCES	1,494,278,388,180	1,113,904,038,993

INCOME STATEMENT

ITEMS	Current year	Prior year
1. Net revenue from insurance activities	516,327,368,911	256,935,329,675
2. Financial income	78,185,500,423	57,444,085,700
3. Other income	12,374,628,291	24,736,252
4. Total expenses for insurance activities	529,616,007,974	285,478,380,801
5. Financial expenses	1,913,505,131	2,755,579,546
6. Selling expenses	64,015,808,650	93,526,520,035
7. General and administrative expenses	63,462,082,094	122,330,429,283
8. Other expense	830,943	93,512,805
9. (Loss) before tax	(52,120,737,167)	(189,780,270,843)
10. Current corporate income tax	-	-
10. Deferred corporate income tax	-	-
10. (Loss) after corporate income tax	(52,120,737,167)	(189,780,270,843)

IV – Audit opinion on Financial Statements

Deloitte Vietnam Company Limited is the main independent auditor of BIDV MetLife. In accordance with independent auditors' opinion, the financial statements present fairly, and in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to insurance enterprises and legal regulations relating to financial reporting.

No.: 807 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Members' Council and the General Director
BIDV MetLife Life Insurance Limited Liability Company**

We have audited the accompanying financial statements of BIDV MetLife Life Insurance Limited Liability Company (the "Company"), prepared on 28 March 2018 as set out from page 3 to page 21, which comprise the balance sheet as at 31 December 2017, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

General Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to insurance enterprises and legal regulations relating to financial reporting.



Nguyen Tuan Anh
Audit Director
Audit Practising Registration Certificate
No. 1291-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

28 March 2018
Hanoi, S.R. Vietnam

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

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General Director

Gaurav Sharma