

**ACE LIFE INSURANCE COMPANY LIMITED**

**OPERATIONAL STATUS OF UNIVERSAL LIFE FUND  
FOR THE YEAR ENDED 31 DECEMBER 2010**



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**AUDITOR'S REPORT TO BOARD OF MANAGEMENT AND DIRECTORS  
OF ACE LIFE INSURANCE COMPANY LIMITED**


We have audited the accompanying operational status of Universal Life Fund of ACE Life Insurance Company Limited ("the Company") for the year ended 31 December 2010. The operational status of Universal Life Fund is the responsibility of the Company's management. Our responsibility is to express an opinion on the operational status based on our audit.

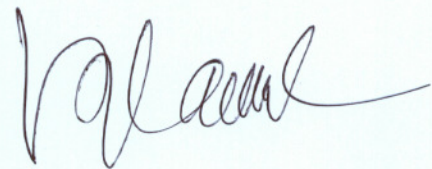
We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we have to plan and perform the audit to obtain reasonable assurance about whether the operational status of the Universal Life Fund is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the operational status of Universal Life Fund. We believe that our audit provides a reasonable basis for our audit opinion.

In our opinion, the operational status of Universal Life Fund of ACE Life Insurance Company Limited for the year ended 31 December 2010 has been prepared, in all material respects, in accordance with the guidelines (Article 15.2) of the Decision No. 96/2007/QĐ/BTC issued by the Ministry of Finance dated 23 November 2007.

S.N: 41104  
CÔNG  
TRÁCH NHIỆM  
PRICEWATERHOUSE  
COOPERS  
VIỆT NAM  
TP. HỒ CHÍ MINH



  
Richard Peters  
AC No. N.0561/KTV  
Deputy General Director  
Authorised signatory



Nguyen Hoang Nam  
AC No. 0849/KTV

PricewaterhouseCoopers (Vietnam) Limited  
Ho Chi Minh City, SR Vietnam  
Audit report number HCM2739  
26 March 2011

**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2010**

**A SUMMARY OF OPERATIONAL STATUS OF UNIVERSAL LIFE FUND**

**I. PREMIUMS AND VALUE OF UNIVERSAL LIFE FUND DURING THE YEAR**

|  | Note | Million VND    |
|--|------|----------------|
| Total premium paid in the year                               |      | 706,470        |
| Amount of premiums allocated to cost of insurance            |      | (91,628)       |
| Related fees:  |      |                |
| - Initial fee  |      | (309,581)      |
| - Management fee   |      | (21,253)       |
| <b>Total premiums invested in Universal Life Fund</b>        |      | <b>284,007</b> |
| <b>Interest income paid to policyholders</b>                 |      | <b>37,872</b>  |
| <b>Net adjustments during the year</b>                       | (3)  | <b>(3,805)</b> |
| <b>Value of Universal Life Fund at the beginning of year</b> |      | <b>337,293</b> |
| <b>Value of Universal Life Fund at the end of year</b>       |      | <b>655,368</b> |
| Investment rate of Universal Life Fund                       |      | 10.85%         |

**II. REPORT STATUS OF ASSETS OF THE UNIVERSAL LIFE FUND**

|                          | Value at<br>beginning of year<br><i>Million VND</i> | Changes during<br>the year<br><i>Million VND</i> | Value at<br>end of year<br><i>Million VND</i> |
|--------------------------|---|--|---|
| <b>Assets</b>            |   |  |   |
| - Cash                   | 10,500  | (10,002)   | 498   |
| - Investment portfolio   | 308,323   | 315,450  | 623,275                                       |
| + Fixed deposits         | -   | 86,228   | 86,228  |
| + Government bonds       | 204,795   | 110,352  | 315,147                                       |
| - Term less than 5 years | -   | 20,531   | 20,531  |
| - Term 5 years           | 141,331   | 69,206   | 210,537                                       |
| - Term 10 years          | 20,000  | 20,524   | 40,524  |
| - Term 15 years          | 43,464  | 91   | 43,555  |
| + Corporate bonds        | 103,528   | 118,871  | 222,399                                       |
| - Term less than 5 years | 29,411  | 29,723   | 59,134  |
| - Term 5 years           | 74,117  | 89,148   | 163,265                                       |
| - Other assets           | 18,471  | 13,124   | 31,595  |
| <b>Total assets</b>      | <b>337,294</b>                                      | <b>318,074</b>                                   | <b>655,368</b>                                |

**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2010**

**A SUMMARY OF OPERATIONAL STATUS OF UNIVERSAL LIFE FUND (continued)**

**III. REPORT ON INCOME AND EXPENSES OF THE UNIVERSAL LIFE FUND**

| <b>Item</b>                                   | <b>2006</b>        | <b>2007</b>        | <b>2008</b>        | <b>2009</b>        | <b>2010</b>        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | <i>Million VND</i> | <i>Million VND</i> | <i>Million VND</i> | <i>Million VND</i> | <i>Million VND</i> |
| Income:                                       |                    |                    |                    |                    |                    |
| + Interest on current bank accounts           | 10                 | 40                 | 22                 | 1                  | 28                 |
| + Interest on fixed deposits                  | 4                  | 655                | 2,772              | 4,935              | 1,496              |
| + Interest on Government bonds                | 246                | 1,065              | 3,972              | 10,698             | 28,223             |
| + Interest on Corporate bonds                 | -                  | 287                | 2,524              | 5,130              | 16,316             |
| <b>Total income</b>                           | <b>260</b>         | <b>2,047</b>       | <b>9,290</b>       | <b>20,764</b>      | <b>46,064</b>      |
| Expenses:                                     |                    |                    |                    |                    |                    |
| <b>Total expenses</b>                         | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| Difference between income and expenses        | 260                | 2,047              | 9,290              | 20,764             | 46,064             |
| Income paid to policyholders                  | 162                | 1,501              | 7,477              | 17,814             | 37,872             |
| Actual investment rate                        | 7.6%               | 8.3%               | 11.00%             | 10.00%             | 10.85%             |
| Actual investment rate paid to policyholders: |                    |                    |                    |                    |                    |
| For regular Universal Life policies           | 6.5%               | 6.5%               | 9.15%              | 8.25%              | 8.86%              |
| For single Universal Life policies            | -                  | -                  | 9.40%              | 8.50%              | 9.11%              |

**B NOTE**

1. When participating in Universal Life Insurance products, the collected premium, after being deducted by allowed expenses, will be transferred to a fund, namely Universal Life Fund. This fund is controlled and invested for profits by ACE Life under the investment policy that is presented to the policyholders when the products were introduced to them.
2. The investment objectives are to maximise and stabilize the income from long-term investments. ACE Life has invested in a list of sources which can bring in a foreseeable stable income under a reasonable level in a medium and long-term future, including debt instruments (mainly bonds, long term deposits, and other instruments which can generate fixed income) issued by financial institutions, or corporate organisations operating in Vietnam in accordance with current laws and regulations.
3. During the year, several adjustments have been made to the UL Fund to reflect the changes in UL policies account values due to the followings:

| <b>Causes</b>      | <b>(Decrease)/Increase<br/>UL account value<br/>Million VND</b> |
|--------------------|---|
| Claims             | (429)   |
| Surrenders         | (3,177)   |
| Partial surrenders | (297)   |
| Miscellaneous      | 98  |
| <b>Total</b>       | <b>(3,805)</b>  |

**ACE Life Insurance Company Limited  
Operational Status of Universal Life Fund  
For the year ended 31 December 2010**

**B NOTE (continued)**


4. Since Universal Life Fund commenced its operation in March 2006, ACE Life has always paid its customers, who have regular Universal Life policies with the company, above the commitment of 4% per annum which is stated in the insurance policies, in particular:

| <i>Period</i>                    | <i>Credit rates (% p.a.)</i> |                |
|----------------------------------|------------------------------|----------------|
|                                  | <i>Range</i>                 | <i>Average</i> |
| March 2006 to 31 December 2007   | 6.50%                        | 6.50%          |
| January 2008 to 31 December 2008 | 6.80% - 11.50%               | 9.15%          |
| January 2009 to 31 December 2009 | 7.50% - 11.00%               | 8.25%          |
| January 2010 to 31 December 2010 | 8.00% - 9.70%                | 8.86%          |
| January 2011 to present          | 9.40% - 9.50%                | 8.43%          |

From January 2008, ACE Life has distributed single Universal Life products, which have a guaranteed credit rate of 5% per annum for the first 10 years and 4% per annum for the remaining in-force years, to the public. For customers of single Universal Life products, the credit rates are always 0.25% per annum higher than the regular Universal Life product credit rates in the same period.

With realistic status and prospects of Vietnamese economy in a long term future, ACE Life expressed their confidence that the investment results could exceed their commitments with its customers.

Ho Chi Minh City, 26 March 2011



Chief Financial Officer  
Nguyen Hong Son



General Director  
Lam Hai Tuan