

**ACE LIFE INSURANCE COMPANY LIMITED**

**OPERATIONAL STATUS OF UNIVERSAL LIFE FUND  
FOR THE YEAR ENDED 31 DECEMBER 2014**





## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF ACE LIFE INSURANCE COMPANY LIMITED**

We have audited the accompanying report of operational status of Universal Life Fund ("the Report") of ACE Life Insurance Company Limited ("the Company") which was prepared on 31 December 2014 and approved by the Board of Directors on 25 March 2015. This report of operational status comprises the summary of operational status of Universal Life Fund for the year ended 31 December 2014 and explanatory notes to the Report, as set out on pages 3 to 5.

### **The Board of Directors' Responsibility for the Report**

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of the Report in accordance with the guidelines (Article 15.2) of Decision No. 96/2007/QĐ-BTC issued by the Ministry of Finance ("the MoF") dated 23 November 2007, Circular No. 125/2012/TT-BTC issued by the MoF dated 30 July 2012 and responsible for internal control which the Board of Directors determines that it is relevant to the preparation and fair presentation of the Report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Report 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 as to whether the Report of the Company is free from material misstatement.

An audit involves performing procedures to obtain audit evidence on sample basis about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the Report.

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 report of operational status of Universal Life Fund of the Company for the year ended 31 December 2014 has been prepared, in all material respects, in accordance with the guidelines (Article 15.2) of Decision No. 96/2007/QĐ-BTC issued by the MoF dated 23 November 2007 and Circular No. 125/2012/TT-BTC issued by the MoF dated 30 July 2012.

**PricewaterhouseCoopers (Vietnam) Ltd.**



Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2013-006-1  
Authorised signatory



Dao Quang Huy  
Audit Practising Licence No.  
1895-2013-006-1

Report reference number: HCM4491  
Ho Chi Minh City, 25 March 2015

ACE Life Insurance Company Limited  
Operational Status of Universal Life Fund  
For the year ended 31 December 2014

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

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

	Note	Million VND
Total premiums deposited		1,295,660
Amount of premiums allocated to cost of insurance		(255,469)
Fee deductions:		
- Front-end fees		(334,627)
- Policy administration fees		(57,995)
<b>Total premiums invested in Universal Life Fund</b>		<b>647,569</b>
Interest credited to policyholders		192,196
Amount of account values transferred out of the fund	3	(33,284)
<b>Value of Universal Life Fund at the beginning of year</b>		<b>2,316,657</b>
<b>Value of Universal Life Fund at the end of year</b>		<b>3,123,138</b>
Investment yield of Universal Life Fund		9.46%

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

	Value at beginning of year Million VND	Changes during the year Million VND	Value at end of year Million VND
<b>Assets</b>			
- Cash	35,785	19,140	54,925
- Investment portfolio	2,125,572	764,620	2,890,192
+ Term deposits	32,018	227,982	260,000
+ Government bonds	1,901,768	615,697	2,517,465
- Term 5 years or less than	586,087	187,205	773,292
- Term 10 years	1,271,763	291,007	1,562,770
- Term 15 years	43,918	137,485	181,403
+ Corporate bonds	167,802	(94,197)	73,605
- Term 5 years or less than	167,802	(94,197)	73,605
+ Advance to policy holders	23,984	15,138	39,122
- Other assets	155,300	22,721	178,021
<b>Total assets</b>	<b>2,316,657</b>	<b>806,481</b>	<b>3,123,138</b>

**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2014**

**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>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>Million</b>	<b>Million</b>	<b>Million</b>	<b>Million</b>	<b>Million</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Income:					
+ Interest on current accounts	28	56	167	149	686
+ Interest on advance to policyholders	-	-	-	253	3,852
+ Interest on term deposits	1,496	3,087	3,128	3,596	6,838
+ Interest on Government bonds	28,224	51,924	102,323	169,110	228,341
+ Interest on corporate bonds	16,316	40,143	45,021	23,754	11,752
<b>Total income</b>	<b>46,064</b>	<b>95,210</b>	<b>150,639</b>	<b>196,862</b>	<b>251,469</b>
Expenses:					
+ Expenses related to investment activities	-	-	276	478	2,499
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>478</b>	<b>2,499</b>
<b>Difference between income and expenses</b>	<b>46,064</b>	<b>95,210</b>	<b>150,363</b>	<b>196,384</b>	<b>248,970</b>
Interest credited to policyholders	37,872	77,797	120,895	153,640	192,196
Actual investment yield	10.85%	11.62%	11.40%	10.29%	9.46%
Interest rate credited to policyholders:					
+ For regular policies	8.86%	9.90%	9.50%	8.30%	7.52%
+ For single premium policies	9.11%	10.15%	9.75%	8.55%	7.77%

**B. NOTES**

1. When participating in Universal Life Insurance products, the collected premium, after being deducted by the contracted expenses, will be transferred to a fund, namely Universal Life Fund. This fund is controlled and invested for profits by the Company under the approved investment policy that is presented to the policyholders when the products were introduced to them.
2. The investment objectives are to maximise and stabilise the income from long-term investments. The Company has invested in a list of approved 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.

**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2014**

**B. NOTES (continued)**

3. Detail of account values were transferred out of the universal life fund as follows:

<b>Type of transactions</b>	<b>Million VND</b>
- Claims	(3,536)
- Partial surrenders and surrenders	(29,727)
- Others	(21)
	<u>(33,284)</u>

4. Since Universal Life Fund commenced its operation in March 2006, the Company has always paid its policyholders, 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:

<b>Period</b>	<b>Credit interest rates (% p.a.)</b>	
	<b>Range</b>	<b>Average</b>
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 31 December 2011	9.40% - 10.50%	9.90%
January 2012 to 31 December 2012	9.30% - 10.00%	9.50%
January 2013 to 31 December 2013	8.30%	8.30%
January 2014 to 31 December 2014	7.35% - 7.80%	7.52%

For policyholders of single premium Universal Life products, the credit interest rates are 0.25% per annum higher than the regular premium Universal Life products in the same period.

Ho Chi Minh City, 25 March 2015

  
 Albert Li  
 Appointed Actuary



  
 Lam Hai Tuan  
 Chairman, Country President