

**ACE LIFE INSURANCE COMPANY LIMITED**

**OPERATIONAL STATUS OF UNIVERSAL LIFE FUND  
FOR THE YEAR ENDED 31 DECEMBER 2011**





**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 2011. 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 2011 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.

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Chairman

Le Van Hoa  
AC No. 0248/KTV

PricewaterhouseCoopers (Vietnam) Limited  
Ho Chi Minh City, SR Vietnam  
Audit report number HCM3214  
31 March 2012

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**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2011**

**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		880,739
Amount of premiums allocated to cost of insurance		(134,225)
Fee deductions:		
- Front-end fees		(337,493)
- Policy administration fees		(29,255)
<b>Total premiums invested in Universal Life Fund</b>		<b>379,765</b>
Interest credited to policyholders		77,797
Amount of account values transferred out of the fund	(3)	(9,260)
<b>Value of Universal Life Fund at the beginning of year</b>		<b>655,368</b>
<b>Value of Universal Life Fund at the end of year</b>		<b>1,103,670</b>
Investment yield of Universal Life Fund		11.62%

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

	Value at beginning of year <i>Million VND</i>	Changes during the year <i>Million VND</i>	Value at end of year <i>Million VND</i>
<b>Assets</b>			
- Cash	639	2,701	3,340
- Investment portfolio	623,278	401,539	1,024,817
+ Term deposits	86,228	(61,228)	25,000
+ Government bonds	347,672	339,172	686,844
- Term 5 years or less than	263,593	37,196	300,789
- Term 10 years	40,524	301,871	342,395
- Term 15 years	43,555	105	43,660
+ Corporate bonds	189,378	123,595	312,973
- Term 5 years or less than	189,378	123,595	312,973
- Other assets	31,451	44,062	75,513
<b>Total assets</b>	<b>655,368</b>	<b>448,302</b>	<b>1,103,670</b>

**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2011**

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

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

Item	2006 Million VND	2008 Million VND	2009 Million VND	2010 Million VND	2011 Million VND
Income:					
+ Interest on current accounts	40	22	1	28	56
+ Interest on term deposits	655	2,772	4,935	1,496	3,087
+ Interest on government bonds	1,065	3,972	10,698	28,223	51,924
+ Interest on corporate bonds	287	2,524	5,130	16,316	40,143
<b>Total income</b>	<b>2,047</b>	<b>9,290</b>	<b>20,764</b>	<b>46,064</b>	<b>95,210</b>
Expenses:					
<b>Total expenses</b>	-	-	-	-	-
Difference between income and expenses	2,047	9,290	20,764	46,064	95,210
Interest credit to policyholders	1,501	7,477	17,814	37,872	77,797
Actual investment yield	8.30%	11.00%	10.00%	10.85%	11.62%
Interest rate credited to policyholders:					
For regular policies	6.5%	9.15%	8.25%	8.86%	9.90%
For single premium policies	-	9.40%	8.50%	9.11%	10.15%

**B NOTE**

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 ACE Life 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 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. Detail of account values was transferred out of the universal life fund as followings:

Type of transactions	Millions VND
- Claims	(1,123)
- Surrenders	(6,133)
- Partial surrenders	(1,678)
- Others	(326)
<b>Total</b>	<b>(9,260)</b>

**ACE Life Insurance Company Limited  
Operational Status of Universal Life Fund  
For the year ended 31 December 2011**

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**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 31 December 2011	9.40% - 10.50%	9.90%

From March 2008, ACE Life has distributed single premium Universal Life products, which have a guaranteed credit interest 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 premium Universal Life products, the credit interest rates are always 0.25% per annum higher than the regular premium Universal Life products in the same period.

With a sound investment policy and 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, 28 March 2012



Appointed Actuary  
Nguyen Paul George



General Director  
Lam Hai Tuan