

# **Bao Minh Insurance Corporation**

Financial statements

for the year ended 31 December 2020



# Bao Minh Insurance Corporation

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# Bao Minh Insurance Corporation

## GENERAL INFORMATION

### THE CORPORATION

Bao Minh Insurance Corporation (the "Corporation") is a joint stock company, which was incorporated in Vietnam under the Incorporation Certificate No. 27GP/KDBH dated 8 September 2004 issued by the Ministry of Finance and amendments. The stocks of the Corporation had been listed in Hanoi Stock Exchange since 28 November 2006 and were transferred to Ho Chi Minh City Stock Exchange on 21 April 2008 with the stock code as BMI.

The following summarizes some key information about the entity:

Registered name:	Bao Minh Insurance Corporation
Address:	No.26 Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City
Operating activities:	providing general insurance products, reinsurance, investing activities and other business operations that are in line with prevailing laws and regulations.
Charter Capital:	VND 913,540,378,000
Contributed Capital:	VND 913,540,378,000
Number of registered shares:	91,354,037 shares

As at 31 December 2020, the Corporation has an investment in joint-venture as follow:

<i>Company Name</i>	<i>Charter Capital VND</i>	<i>Capital contributed VND</i>	<i>Ownership %</i>
United Insurance Company	300,000,000,000	145,350,000,000	48.45%

#### **Location and branch network**

The Corporation has its Head Office located at No 26, Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City. As at 31 December 2020, the Corporation has one (1) Head Office and sixty-two (62) branches nationwide.

#### **Employees**

Total employees of the Corporation as at 31 December 2020 was 1,627 persons (31 December 2019: 1,667 persons).

#### **Key events during year**

From 1 January 2020 to 31 December 2020, the Corporation has key event as follow:

On 24 April 2020, the Corporation has held successfully Annual General Meeting of 2020 and approved the dividend at the rate of 15% for year 2019 (VND 1,500 per share) on charter capital of VND 913,540,378,000 equivalent to VND 137,031,056,700.

# Bao Minh Insurance Corporation

## GENERAL INFORMATION (continued)

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date</i>
Ms. Vu Thai Huyen	Chairwoman	Appointed on 24 April 2020
Mr. Tran Van Ta	Member	Appointed on 25 April 2019
Mr. Vu Anh Tuan	Member	Re-appointed on 25 April 2019
Mr. Kwok Wing Tam	Member	Re-appointed on 25 April 2019
Ms. Bui Thi Thu Thanh	Member	Re-appointed on 25 April 2019
Mr. Le Viet Thanh	Member	Appointed on 24 April 2020
Ms. Callard Stumpf Céline	Member	Appointed on 24 April 2020
Mr. Le Song Lai	Chairman	Resigned on 24 April 2020
Mr. Le Van Thanh	Member	Resigned on 24 April 2020
Ms. Dinh Thi Minh Khue	Member	Resigned on 24 April 2020

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date</i>
Ms. Le Minh Tuyet	Head of Board of supervision	Appointed on 01 August 2019
Ms. Phan Thi Hong Phuong	Member	Appointed on 25 April 2019
Mr. Yau Chung Hun	Member	Re-appointed on 25 April 2019
Mr. Nicolas de Nazelle	Member	Re-appointed on 25 April 2019

### MANAGEMENT

Members of the Management during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date</i>
Mr. Vu Anh Tuan	Chief Executive Officer	Appointed on 01 June 2020
Mr. Le Van Thanh	Chief Executive Officer	Resigned on 31 May 2020
Mr. Nguyen The Nang	Deputy Chief Executive Officer	Re-appointed on 08 August 2019
Mr. Nguyen Phu Thuy	Deputy Chief Executive Officer	Re-appointed on 22 February 2019
Mr. Pham Minh Tuan	Deputy Chief Executive Officer	Appointed on 26 September 2018
Mr. Chau Quang Linh	Deputy Chief Executive Officer	Appointed on 08 August 2019
Mr. Sai Van Hung	Accountant	Appointed on 01 July 2019
	Chief Accountant	Appointed on 10 August 2020

### LEGAL REPRESENTATIVE

The legal representative of the Corporation during the year and at the date of this report is Mr. Vu Anh Tuan - Chief Executive Officer.

### AUDITORS

The auditor of the Corporation is Ernst & Young Vietnam Limited.

# Bao Minh Insurance Corporation

## REPORT OF MANAGEMENT

Management of Bao Minh Insurance Corporation ("the Corporation") is pleased to present this report and the financial statements of the Corporation for the year ended 31 December 2020.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Corporation and of the results of its operations and its cash flows for the year. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Corporation and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2020 and of the results of its operations and its cash flows for the year and then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to the preparation and presentation of the financial statements.

For and on behalf of management:



Mr. Vu Anh Tuan  
Chief Executive Officer

Ho Chi Minh City, Vietnam

31 March 2021



Ernst & Young Vietnam Limited  
20th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

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Fax: +84 28 3824 5250  
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Reference: 61169673/22073608

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders of Bao Minh Insurance Corporation**

We have audited the accompanying financial statements of Bao Minh Insurance Corporation ("the Corporation") as prepared on 31 March 2021 and set out on pages 6 to 70, which comprise the balance sheet as at 31 December 2020, the income statement and the cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

The Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation and presentation of the 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 auditor considers internal control relevant to the Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 give a true and fair view, in all material respects, of the financial position of the Corporation as at 31 December 2020, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

### **Emphasis of matters**

We draw attention to Note 38 to the financial statements which describes an uncertainty related to the outcome of the lawsuit between Binh Dinh Maritime Shipbuilding Industry JSC and the Corporation. The effect of the mentioned lawsuit is only determined based on the final conclusion of the Court. Until the date of the financial statements, the lawsuit is still on the progress and the Corporation has not yet recognised any expense and obligations from this lawsuit in the accompanying financial statements.

In addition, we also draw attention to Note 39 to the financial statements which describes the restatements on corresponding figures of the year ended 31 December 2019 according to the Inspection Conclusion No. 409/KTNN-TH dated on 10 December 2020 issued by State Audit.

Our opinion is not qualified in respect of these matters.

### **Other Matter**

The financial statements of the Corporation for the year ended 31 December 2019 were audited by another audit firm which expressed an unmodified opinion on those financial statements on 30 March 2020.



Ernst & Young Vietnam Limited

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Saman Wijaya Bandara  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2036-2018-004-1



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Hoang Thi Hong Minh  
Auditor  
Audit Practising Registration  
Certificate No. 0761-2018-004-1

Ho Chi Minh City, Vietnam

31 March 2021

BALANCE SHEET  
as at 31 December 2020

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance (restated)
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>5,444,925,828,567</b>	<b>4,756,251,385,082</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>149,828,620,196</b>	<b>236,267,717,397</b>
111	1. Cash		149,828,620,196	236,267,717,397
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>2,433,769,969,178</b>	<b>2,107,882,009,599</b>
121	1. Trading securities	5.1	199,958,675,495	261,236,825,120
122	2. Provision for trading securities		(54,878,706,317)	(86,258,198,854)
123	3. Held-to-maturity investments	5.2	2,288,690,000,000	1,932,903,383,333
<b>130</b>	<b>III. Short-term receivables</b>	<b>6</b>	<b>1,100,257,765,479</b>	<b>1,128,999,272,923</b>
131	1. Trade receivables		1,156,365,583,511	1,075,197,330,771
131.1	1.1. Insurance receivables		1,156,365,583,511	1,075,197,330,771
132	2. Advances to suppliers		7,956,402,252	5,220,211,201
135	3. Other receivables		298,783,309,585	304,181,826,102
139	4. Provision for doubtful debts		(362,847,529,869)	(255,600,095,151)
<b>140</b>	<b>IV. Inventories</b>	<b>7</b>	<b>5,220,466,320</b>	<b>4,160,916,534</b>
141	1. Inventories		5,220,466,320	4,160,916,534
<b>150</b>	<b>V. Other short-term assets</b>		<b>317,551,327,157</b>	<b>314,681,776,367</b>
151	1. Prepaid expenses	8	317,551,327,157	314,681,776,367
151.1	1.1. Unallocated commission expenses		185,005,658,130	180,554,186,282
151.2	1.2. Other prepaid expenses		132,545,669,027	134,127,590,085
<b>190</b>	<b>VI. Reinsurance assets</b>		<b>1,438,297,680,237</b>	<b>964,259,692,262</b>
191	1. Reinsurance ceded unearned premium reserve	20.1	306,539,651,636	344,178,880,597
192	2. Reinsurance ceded claim reserve	20.2	1,131,758,028,601	620,080,811,665



BALANCE SHEET (continued)  
as at 31 December 2020


Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance (restated)
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,106,625,912,447</b>	<b>982,652,613,426</b>
<b>210</b>	<b>I. Long-term receivables</b>	<b>9</b>	<b>16,274,165,236</b>	<b>14,085,991,486</b>
218	1. Other long-term receivables		16,274,165,236	14,085,991,486
218.1	1.1. Statutory deposit		10,000,000,000	10,000,000,000
218.2	1.2. Other receivables		6,274,165,236	4,085,991,486
<b>220</b>	<b>II. Fixed assets</b>		<b>306,381,882,658</b>	<b>304,342,619,263</b>
221	1. Tangible fixed assets	10	92,179,522,094	93,208,438,270
222	Costs		239,941,121,198	234,125,514,970
223	Accumulated depreciation		(147,761,599,104)	(140,917,076,700)
227	2. Intangible assets	11	193,898,068,995	198,653,261,538
228	Costs		284,206,931,481	282,939,739,481
229	Accumulated amortization		(90,308,862,486)	(84,286,477,943)
230	3. Construction in progress	12	20,304,291,569	12,480,919,455
<b>240</b>	<b>III. Investment properties</b>	<b>13</b>	<b>159,719,166,748</b>	<b>162,810,579,747</b>
241	1. Costs		181,248,868,013	181,248,868,013
242	2. Accumulated depreciation		(21,529,701,265)	(18,438,288,266)
<b>250</b>	<b>IV. Long-term investments</b>	<b>14</b>	<b>567,986,193,049</b>	<b>465,965,300,000</b>
252	1. Investments in jointly controlled entities and associates	14.1	145,350,000,000	145,350,000,000
253	2. Investment in other entities	14.1	57,615,300,000	57,615,300,000
254	3. Provision for impairment of other long-term investments		(979,106,951)	-
255	4. Held-to-maturity investments	14.2	366,000,000,000	263,000,000,000
<b>260</b>	<b>V. Other long-term assets</b>		<b>56,264,504,756</b>	<b>35,448,122,930</b>
261	1. Prepaid expenses	15	26,553,824,842	25,089,018,968
262	2. Deferred tax assets	31.3	29,710,679,914	10,359,103,962
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,551,551,741,014</b>	<b>5,738,903,998,508</b>


BALANCE SHEET (continued)  
as at 31 December 2020

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance (restated)
<b>300</b>	<b>C. LIABILITIES</b>		<b>4,248,875,970,735</b>	<b>3,443,784,705,432</b>
<b>310</b>	<b>I. Short-term liabilities</b>		<b>4,248,682,383,727</b>	<b>3,443,486,836,702</b>
312	1. Trade payables	16	970,465,449,640	719,823,668,759
312.1	1.1. Insurance payables		970,465,449,640	719,823,668,759
314	2. Statutory obligations	17	9,728,971,525	52,015,903,471
315	3. Payables to employees		107,731,224,382	183,942,434,628
318	4. Short-term unearned revenue		42,444,006,515	24,054,571,272
319.1	5. Un-earned commission revenue	18	79,723,427,770	92,375,691,111
319	6. Other short-term payables	19	38,665,481,074	47,388,820,880
323	7. Bonus and welfare fund		14,491,273,910	27,932,827,373
329	8. Technical reserves		2,985,432,548,911	2,295,952,919,208
329.1	8.1. Direct and reinsurance assumed un-earned premium reserve	20.1	1,373,969,505,219	1,328,780,551,010
329.2	8.2. Direct and reinsurance assumed claim reserve	20.2	1,483,563,452,413	875,981,254,078
329.3	8.3. Catastrophe reserve	20.3	127,899,591,279	91,191,114,120
<b>330</b>	<b>II. Long-term liabilities</b>		<b>193,587,008</b>	<b>297,868,730</b>
333	1. Other long-term payables		193,587,008	297,868,730
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>2,302,675,770,279</b>	<b>2,295,119,293,076</b>
<b>410</b>	<b>I. Owners' equity</b>	<b>21</b>	<b>2,302,675,770,279</b>	<b>2,295,119,293,076</b>
411	1. Contributed capital		913,540,378,000	913,540,378,000
412	2. Share premium		974,943,696,449	974,943,696,449
419	3. Statutory reserves		91,354,037,800	91,354,037,800
420	4. Financial reserve funds		28,085,153,439	28,085,153,439
421	5. Retained earnings		294,752,504,591	287,196,027,388
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>6,551,551,741,014</b>	<b>5,738,903,998,508</b>

  
Ms. Ho Le Thuy  
Preparer

  
Mr. Sai Van Hung  
Chief Accountant

  
Mr. Vu Anh Tuan  
Chief Executive Officer



Ho Chi Minh City, Viet Nam

31 March 2021

INCOME STATEMENT  
for the year ended 31 December 2020

PART I: COMPREHENSIVE INCOME STATEMENT



Code	ITEMS	Current year	Previous year (restated)
10	1. Total insurance operating income	3,791,576,626,371	3,436,581,975,243
11	2. Total investment properties income	12,068,570,024	12,353,352,315
12	3. Finance income	247,590,947,318	205,037,134,513
13	4. Other income	1,830,241,589	11,750,869,347
20	5. Total insurance operating expenses	(3,635,968,077,490)	(3,198,265,553,701)
21	6. Cost of investment properties	(5,970,638,014)	(6,184,438,845)
22	7. Finance expenses	(55,299,646,634)	(78,608,588,153)
23	8. General and administrative expenses	(122,165,096,992)	(123,697,879,140)
24	9. Other expenses	(451,914,224)	(4,944,214,216)
50	10. Profit before Corporate income tax (50=10+12+13+20+22+23+24)	233,211,011,948	254,022,657,363
51	11. Current corporate income tax expenses	(57,340,160,592)	(49,736,899,610)
52	12. Deferred tax income	19,351,575,952	3,594,472,123
60	13. Net profit for the year after corporate income tax (60=50+51+52)	195,222,427,308	207,880,229,876
70	14. Earnings per share	1,813	1,940

INCOME STATEMENT (continued)  
for the year ended 31 December 2020

## PART II: OPERATIONAL INCOME STATEMENT

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (restated)
<b>01</b>	<b>1. Insurance premium income (01 = 01.1 + 01.2 + 01.3)</b>	<b>22</b>	<b>4,720,061,399,142</b>	<b>4,348,807,086,205</b>
	<i>In which:</i>			
01.1	- Direct written premium	22.1	4,295,331,685,235	3,881,122,060,723
01.2	- Assumed premium	22.2	469,918,668,116	501,232,479,573
01.3	- Increase in un-earned direct written premium and assumed premium reserve	20.1	(45,188,954,209)	(33,547,454,091)
<b>02</b>	<b>2. Ceded premium (02 = 02.1 + 02.2)</b>	<b>23</b>	<b>(1,132,041,866,325)</b>	<b>(1,097,871,173,857)</b>
	<i>In which:</i>			
02.1	- Ceded premium		(1,094,402,637,364)	(1,031,584,095,981)
02.2	- Decrease in ceded premium reserve	20.1	(37,639,228,961)	(66,287,077,876)
<b>03</b>	<b>3. Net insurance premium (03 = 01 + 02)</b>		<b>3,588,019,532,817</b>	<b>3,250,935,912,348</b>
<b>04</b>	<b>4. Ceded commission and other income from insurance activities (04 = 04.1 + 04.2)</b>	<b>24</b>	<b>203,557,093,554</b>	<b>185,646,062,895</b>
	<i>In which:</i>			
04.1	- Ceded commission		193,533,270,348	180,627,144,445
04.2	- Other income from insurance activities		10,023,823,206	5,018,918,450
<b>10</b>	<b>5. Total operating revenues (10 = 03 + 04)</b>		<b>3,791,576,626,371</b>	<b>3,436,581,975,243</b>
<b>11</b>	<b>6. Claim expenses (11 = 11.1 + 11.2)</b>	<b>25</b>	<b>(1,484,296,482,241)</b>	<b>(1,674,250,289,019)</b>
	<i>In which:</i>			
11.1	- Claim expenses		(1,500,630,147,277)	(1,725,642,616,729)
11.2	- Deductions (third party recoveries and salvages)		16,333,665,036	51,392,327,710
<b>12</b>	<b>7. Recoveries from reinsurance ceded</b>	<b>25.3</b>	<b>362,013,707,998</b>	<b>467,881,432,973</b>
<b>13</b>	<b>8. Increase in direct and assumed claim reserve</b>	<b>25</b>	<b>(607,582,198,335)</b>	<b>(15,624,567,092)</b>
<b>14</b>	<b>9. Increase in ceded claim reserve</b>	<b>25</b>	<b>511,677,216,936</b>	<b>1,400,251,293</b>
<b>15</b>	<b>10. Total claim expenses (15 = 11 + 12 + 13 + 14)</b>		<b>(1,218,187,755,642)</b>	<b>(1,220,593,171,845)</b>




INCOME STATEMENT (continued)  
for the year ended 31 December 2020

## PART 2: OPERATIONAL INCOME STATEMENT (continued)

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (restated)
16	11. Increase in catastrophe reserve	20.3	(36,708,477,159)	(13,439,868,689)
17	12. Other operating expenses (17 = 17.1 + 17.2)	26	(2,381,071,844,689)	(1,964,232,513,167)
	<i>In which</i>			
17.1	- Commission expenses		(636,631,423,032)	(610,579,596,454)
17.2	- Other expenses from insurance activities		(1,744,440,421,657)	(1,353,652,916,713)
18	13. Total direct operating expenses (18 = 15 + 16 + 17)		(3,635,968,077,490)	(3,198,265,553,701)
19	14. Gross insurance operating profit (19 = 10 + 18)		155,608,548,881	238,316,421,542
20.	15. Total investment properties income		12,068,570,024	12,353,352,315
21	16. Cost of investment properties		(5,970,638,014)	(6,184,438,845)
22	17. Profit from investment property (22 = 20+21)		6,097,932,010	6,168,913,470
23	18. Finance income	27	247,590,947,318	205,037,134,513
24	19. Finance expenses	28	(55,299,646,634)	(78,608,588,153)
25	20. Profit from financial activities (25 = 23 + 24)		192,291,300,684	126,428,546,360
26	21. General and administrative expenses	29	(122,165,096,992)	(123,697,879,140)
30	22. Net operating income (30 = 19 + 22 + 25 + 26)		231,832,684,583	247,216,002,232
31	23. Other income	30	1,830,241,589	11,750,869,347
32	24. Other expenses	30	(451,914,224)	(4,944,214,216)
40	25. Other profit (40 = 31 + 32)		1,378,327,365	6,806,655,131
50	26. Profit before corporate income tax (50 = 30 + 40)		233,211,011,948	254,022,657,363
51	27. Current corporate income tax expenses	31.1	(57,340,160,592)	(49,736,899,610)
52	28. Deferred tax income	31.3	19,351,575,952	3,594,472,123
60	29. Profit after corporate income tax (60 = 50 + 51 + 52)		195,222,427,308	207,880,229,876
70	Earnings per share	35	271,843	1,940

  
Ms. Ho Le Thuy  
Preparer

  
Mr. Sai Van Hung  
Chief Accountant

  
Mr. Vu Anh Tuan  
Chief Executive Officer

Ho Chi Minh City, Viet Nam  
31 March 2021

CASH FLOW STATEMENT  
for the year ended 31 December 2020

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (restated)
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Net profit before tax</b>		<b>233,211,011,948</b>	<b>254,022,657,363</b>
	Adjustments for:			
02	Depreciation of tangible fixed assets and investment properties and amortization of intangible assets		19,926,354,135	19,140,456,121
03	Provisions		292,288,690,860	144,013,423,490
04	Foreign exchange loss arising from revaluation of monetary accounts denominated in foreign currency		5,592,559,160	2,486,729,246
05	Profits from investment activities and other activities		(239,950,613,125)	(191,278,972,698)
08	<b>Operating profit/(loss) before changes in working capital</b>		<b>311,068,002,978</b>	<b>228,384,293,522</b>
09	Increase in receivables		(106,814,099,335)	(26,754,512,705)
10	(Increase)/Decrease in inventories		(1,059,549,786)	93,865,388
11	Increase in payables		129,879,086,946	112,001,604,793
12	Increase in prepaid expenses		(4,334,356,664)	(46,014,846,311)
13	Decrease/(Increase) in held-for-trading securities		61,278,149,625	(29,930,551,997)
15	Corporate income tax paid	17	(91,830,921,356)	(27,148,980,068)
17	Other cash outflows from operating activities		-	(42,101,075,375)
20	<b>Net cash flows from operating activities</b>		<b>298,186,312,408</b>	<b>168,529,797,247</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase, construction of fixed assets and other long-term assets		(18,874,204,531)	(32,427,209,453)
22	Proceeds from disposals and transfer of fixed assets and other long-term assets		722,142,727	1,804,305,560
23	Loans to other entities and payments for purchase of debt instruments of other entities		(2,421,690,000,000)	(2,167,740,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		1,962,903,383,333	2,022,360,000,000
27	Interest and dividends received		229,142,459,473	192,091,029,049
30	<b>Net cash flows (used in)/from investment activities</b>		<b>(247,796,218,998)</b>	<b>16,088,125,156</b>



CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2020

Currency: VND

Code	ITEMS	Notes	Current year	Previous year (restated)
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
36	Dividends paid out	21	(137,031,056,700)	(109,624,845,360)
40	<b>Net cash flows used in financing activities</b>		<b>(137,031,056,700)</b>	<b>(109,624,845,360)</b>
50	<b>Net (decrease)/increase in cash for the year</b>		<b>(86,640,963,290)</b>	<b>74,993,077,043</b>
60	Cash and cash equivalents at the beginning of year		236,267,717,397	161,317,627,176
61	Impact of exchange rate fluctuation		201,866,089	(42,986,822)
70	Cash and cash equivalents at the end of year	4	<del>149,828,620,196</del> 149,828,620,196	236,267,717,397



Ms. Ho Le Thuy  
Preparer



Mr. Sai Van Hung  
Chief Accountant




Mr. Vu Anh Tuan  
Chief Executive Officer

Ho Chi Minh City, Viet Nam

31 March 2021



NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2020

## 1. CORPORATE INFORMATION

Bao Minh Insurance Corporation (the "Corporation") is a joint stock company, which was incorporated in Vietnam under the Incorporation Certificate No. 27GP/KDBH dated 8 September 2004 issued by the Ministry of Finance, and amendments. The stocks of the Corporation had been listed in Hanoi Stock Exchange since 28 November 2006 and were transferred to Ho Chi Minh City Stock Exchange on 21 April 2008 with the stock code as BMI.

The following summarizes some key information about the entity:

Registered name:	Bao Minh Insurance Corporation
Address:	No.26 Ton That Dam Street, Nguyen Thai Binh Ward District 1, Ho Chi Minh City.
Operating activities:	providing non-life insurance products, reinsurance, financial investment and other business operations that are in line with prevailing laws and regulations.
Charter Capital:	VND 913,540,378,000
Contributed Capital:	VND 913,540,378,000
Number of registered shares:	91,354,037 shares

The capital structure of the Corporation as at 31 December 2020:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Ownership</i>
- State Capital Investment Corporation	46,317,348	50.70%
- AXA.SA – France	15,209,700	16.65%
- Firstland Ltd, Co.	5,162,646	5.65%
- Bao Minh's employees and other shareholders	24,664,343	27.00%
	<b>91,354,037</b>	<b>100%</b>

### **Associate and Joint Venture Company**

<i>Company Name</i>	<i>Charter Capital VND</i>	<i>Capital Contributed VND</i>	<i>Ownership %</i>
United Insurance Company	300,000,000,000	145,350,000,000	48.45%

United Insurance Company ("UIC") was incorporated in Vietnam as a joint venture company among the Bao Minh Corporation, Sompo Japan Insurance Company (incorporated in Japan) and LIG Insurance Company Limited (incorporated in Korea) for 25 years under the Investment Certificate No. 2003/GP dated 1 November 1997 issued by the Ministry of Planning and Investment, and the latest amendment No. 09GP/KDBH dated 29 April 2010 issued by the Ministry of Finance. UIC has its head office locate at No 2, Ngo Quyen Street, Hoan Kiem District, Hanoi, Vietnam.

The principal activities of the UIC are to provide non-life insurance services, reinsurance services and other related services including: inspection, investigation, calculation adjusters, evaluation and process of claims from third party.

### **Location and branch network**

The Corporation has its Head office located at No 26, Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City. As at 31 December 2020, the Corporation has one (1) Head Office and sixty-two (62) branches nationwide.

### **Employee**

Total employees of the Corporation as at 31 December 2020 was 1,627 persons (31 December 2019: 1,667 persons).



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

## **2. BASIS FOR PREPARATION**

### **2.1 *Accounting standards and system***

The financial statements of Bao Minh Insurance Corporation, which are expressed in Vietnam Dong ("VND"), are prepared in accordance with accounting guidance for non-life insurance companies issued by the Ministry of Finance in Circular No. 232/2012/TT-BTC (Circular 232) dated 28 December 2012 and Vietnamese Enterprise Accounting System stipulated in Circular No. 200/2014/TT-BTC dated 22 December 2014, in accordance with Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### **2.2. *Applied accounting documentation system***

The Corporation's applied accounting documentation system is the Journal Ledger system.

### **2.3 *Fiscal year***

The Corporation's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

### **2.4 *Accounting currency***

The financial statements are prepared in Vietnam Dong ("VND") which is also the Corporation's accounting currency.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Corporation in preparation of the financial statements are consistent with those followed in the preparation of the Corporation's annual financial statements for the year ended 31 December 2019.

#### 3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of not more than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

#### 3.3 *Receivables*

Receivables comprise of trade receivables and other receivables that are initially recognized at cost and subsequently are recognized at cost.

Provision for impairment of receivables will be made base on their overdue ages. For undue receivables but those were owned by indebted economic organizations which fall bankrupt or are undergoing dissolution procedures, debtors are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, these undue receivables should be estimated the irrecoverable loss for appropriating the provision. Increases or decreases to the provision balance are recorded as the administrative expense in the income statement.

For overdue receivables, the Corporation adopts the provision policy as promulgated by the Ministry of Finance in Circular No. 48/2019/TT-BTC, effective on 10 October 2019 (Circular 48"). Details on the basis of provision are as follows:

<u>Overdue receivables</u>	<u>Allowance rate</u>
Over six (6) months to less than one (1) year	30%
From one (1) to less than two (2) years	50%
From two (2) to less than three (3) years	70%
Three (3) years or above	100%

#### 3.4 *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation/amortization.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.5 Depreciation and amortization**

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset, which are as follows:

Machinery and equipment	08 – 15 years
Vehicle	10 - 15 years
Office equipment	06 - 10 years
Buildings	20 - 45 years
Other tangible fixed assets	04 - 06 years
Software	03 - 08 years
Land use rights with finite terms	Based on the rental terms

Land use rights with indefinite term are not amortised in accordance with Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

**3.6 Construction in progress**

Properties in the course of construction for operation, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and other expenses for qualifying assets, with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**3.7 Investment properties**

Investment properties are stated at cost including transaction cost less accumulated depreciation and/or amortization. Investment properties held for capital appreciation are not depreciated/amortised but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Corporation.

Depreciation and amortization of investment properties are calculated on a straight-line basis over the estimated useful life of each asset.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.8 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortized over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

**3.9 Investments**

**3.9.1 Investments in associates**

Investments in associates over which the Corporation has significant influence are carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

**3.9.2 Held-for-trading securities**

Trading securities: include securities listed on the securities market and other securities and financial instruments which are held for trading purpose. Trading securities are stated at their acquisition costs less provision for impairment losses.

**3.9.3 Held-to-maturity investments**

Held-to-maturity investments: include Government bonds, corporate bonds, term deposits, term loans and other investments which will be held until maturity. After initial recognition at acquisition cost, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognized as expense in the financial statements and deducted against the value of such investments.

Debt securities are initially recognized at par value as at the purchase date. Accumulated interest before the purchase date (for debt securities with interest payment in arrears) and prepaid interest (for debt securities with interest payment in advance) are recorded in separate accounts. Any discount or premium, which is the difference between original cost and the amount equal to par value plus (+) pre-acquisition interest (if any) or minus (-) prepaid interest waiting for amortization (if any), is recorded in a separate account.

In subsequent periods, debt securities are recognized at par value. Any discount or premium (if any) is amortized to the income statement using straight-line method over the estimated remaining term of the respective securities. Interest is accrued and recognized to the income statement using straight-line method based on nominal rate.

Investment held to maturity is considered for the possibility of decline in their value at each reporting date. Provision for any impairment loss is recognized in the income statement when its cost is more than the market value.

**3.9.4 Investments in other entities**

Investments in other entities: include equity investments in other entities that the Corporation does not have control, joint control or significant influence. The investments are initially recognized at cost and subsequently are recognized at cost during the holding period. Other investments are subject to review for impairment. Any impairment losses are recognized in the Corporation's income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.9 Investments (continued)**

**3.9.5 Provision for diminution in value of investment**

Provision for impairment of investment is made with reference to Circular 48. Details of the basis of determination of impairment of investment are as follows:

Listed shares

The market prices of listed equity securities are determined based on the closing price on a nearest closing day having transactions to balance sheet date.

Unlisted shares

For unlisted shares, the following methods were used in calculating the fair value in order to compare with the book value to determine the provision:

- ▶ For shares which have been registered for trading in the market specially tailored for shares of unlisted companies (UPCom), market value is the average trading price within the last 30 transaction days before balance sheet date announced by the Stock exchange.
- ▶ Market value of over-the-counter (OTC) shares is the average price announced by at least three independent securities companies operating in Vietnam.

For other securities that have no market prices for purpose of making provision of impairment, the Corporation considers using book value of securities.

Equity investments in other entities

For capital amounts invested by the enterprise in economic organizations and other long-term investments, a provision was set up if economic organizations in which the enterprise is investing suffer from loss (except where such losses are already planned in their business plans before investment).

The level of provision for each financial investment to be set up shall be at most equal to the capital amount already invested and calculated according to the following formula as given in the Circular 48:

$$\text{Level of provision for loss of financial investments} = \left( \begin{array}{c} \text{Parties' actual} \\ \text{capital} \\ \text{contribution} \\ \text{to the economic} \\ \text{organization} \end{array} - \begin{array}{c} \text{Actual} \\ \text{owners'} \\ \text{equity} \end{array} \right) \times \frac{\text{Investment capital of the enterprise}}{\text{Parties' total actual capital contribution to the economic organization}}$$

The basis for setting up the provision is the positive difference between the parties' actual capital contributions and the actual owners' equity at the time of preparing the economic organization's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Payables and accruals**

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Corporation.

**3.11 Accrual for severance pay**

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount will be taken to the income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

**3.12 Technical reserves**

The technical reserves include (i) unearned premium reserve, (ii) claims reserve and (iii) catastrophe reserve. The reserving methodologies are based on specific regulations of Circular No. 50/2017/TT-BTC dated 15 May 2017 issued by the MoF ("Circular 50"), Circular No. 89/2020/TT-BTC dated 11 November 2020 amended and supplemented certain articles of Circular 50 and approved according to the Official Letter 3167/BTC-QLBH dated 21 March 2018 as follows:

a) Technical reserves for non-life insurance

(i) *Unearned premium reserve:*

Based on 1/365 method - based on remaining day of insurance policy for the following types of insurance: Property & Casualty, Cargo, Vehicle, Fire & Explosion, Marine Hull, Liability and Business Interruption.

Based on 1/24 method for all non – life reinsurance business and the following types of insurance policy: Aviation, Motor, Credit & financial risk and Agriculture.

Gross and assumed unearned premium reserve are presented as liabilities; Unearned premium reserve of ceded reinsurance is presented as reinsurance asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.12 Technical reserves** (continued)

a) Technical reserves for non-life insurance (continued)

(ii) *Claims reserves*

Claims reserves include the reserve for outstanding claims and for claims incurred but not reported.

- ▶ Outstanding claims reserve is established based on the estimated claims payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year; and
- ▶ Reserve for incurred but not reported claims is calculated as follow:

For Vehicle insurance and Health and Personal accident insurance, the following formula is applied:

$$\begin{array}{ccccccc}
 & & \text{Total indemnity for} & & & \text{Net written} & \text{Average time} \\
 & & \text{claims unpaid at} & & & \text{premiums} & \text{of claim} \\
 & & \text{the end of the year} & & & \text{during the} & \text{reporting} \\
 & & \text{last three} & & \text{Total} & \text{current} & \text{delay during} \\
 & & \text{consecutive fiscal} & & \text{indemnity} & \text{fiscal year} & \text{the current} \\
 & & \text{years} & & \text{losses} & & \text{fiscal year} \\
 \text{IBNR of} & = & \frac{\hspace{10em}}{\hspace{10em}} & \times & \text{arising in} & \times & \frac{\hspace{10em}}{\hspace{10em}} \\
 \text{current year} & & & & \text{the} & & \\
 & & \text{Total indemnity for} & & \text{current} & & \text{Average time} \\
 & & \text{losses arising in} & & \text{fiscal} & & \text{of claims} \\
 & & \text{the last three} & & \text{year} & & \text{reporting} \\
 & & \text{consecutive fiscal} & & & \text{Net written} & \text{delay during} \\
 & & \text{years} & & & \text{premiums} & \text{the previous} \\
 & & & & & \text{during the} & \text{year} \\
 & & & & & \text{previous} & \\
 & & & & & \text{fiscal year} & 
 \end{array}$$

For other line of insurance product, applying the rate of 3% on the total retained premium.

(iii) *Catastrophe reserve*

Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current financial year. The Corporation has elected to adopt the policy of providing for catastrophe reserve at 1% of total retained premium for each line of insurance.

On 28 December 2005, the Ministry of Finance issued Decision No. 100/2005/QĐ-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard (“VAS”) 19 - Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents “possible claims under contracts that are not in existence at the reporting date”. However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree No. 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 regarding financial regulations for insurance enterprises (“Decree 73”). The Corporation still make provision for catastrophe reserve for the year ended 31 December 2020. The Corporation has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premium for each insurance product.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.12 Technical reserves (continued)**

b) Technical reserve for health insurance

(i) *Mathematical reserve*

- ▶ Regarding health insurance policies and reinsurance policies with a term of more than 1 year, unearned premiums reserve is calculated based on 1/24 method. In any cases, mathematical reserve must give results not less than those obtained from 1/8 method.
- ▶ Regarding health insurance policies which only cover death or total permanent disability, mathematical reserve is calculated based on net premium valuation and basis for term life insurance according to Circular 50.

(ii) *Unearned premiums reserve*

Regarding insurance policies with a term of less than or equal to 1 year, unearned premiums reserve is calculated based on 1/24 method.

(iii) *Claim reserves*

Claims reserves include the reserve for outstanding claims and for claims incurred but not reported.

- ▶ Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year; and
- ▶ Reserve for incurred but not reported claims is applied the following formula:

$$\begin{array}{ccccccc}
 & & \text{Total indemnity for} & & & \text{Net written} & \text{Average time} \\
 & & \text{claims unmade at} & & & \text{premiums} & \text{of claim} \\
 & & \text{the end of the year} & & & \text{during the} & \text{reporting} \\
 & & \text{last three} & & & \text{current fiscal} & \text{delay during} \\
 & & \text{consecutive fiscal} & & & \text{year} & \text{the current} \\
 & & \text{years} & & & & \text{fiscal year} \\
 \text{IBNR of} & = & \frac{\quad}{\quad} & \times & \text{Total} & \times & \frac{\quad}{\quad} \\
 \text{current year} & & & & \text{indemnity} & & \\
 & & \text{Total indemnity for} & & \text{losses} & & \text{Average time} \\
 & & \text{losses arising in the} & & \text{arising in} & & \text{of claims} \\
 & & \text{last three} & & \text{the} & & \text{reporting} \\
 & & \text{consecutive fiscal} & & \text{current} & & \text{delay during} \\
 & & \text{years} & & \text{fiscal year} & & \text{the previous} \\
 & & & & & & \text{year} \\
 & & & & & \text{Net written} & \\
 & & & & & \text{premiums} & \\
 & & & & & \text{during the} & \\
 & & & & & \text{previous} & \\
 & & & & & \text{fiscal year} & 
 \end{array}$$

(iv) *Resilience reserve*

Resilience reserve for health insurance is established at 1% of retained premium.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.13 *Transactions in foreign currencies*

Transactions in currencies other than the Corporation's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Corporation conduct transactions regularly;
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Corporation conducts transactions regularly.

All foreign exchange differences incurred are taken to the income statement.

#### 3.14 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval by the appropriate level of authority in the annual general meeting, and after making appropriation to reserve funds and remuneration to Board of Managements, Board of Directors and Board of Supervision in accordance with the Corporation's Charter and Vietnam's regulatory requirements.

The Corporation maintains the following reserve funds which are appropriated from the Corporation's net profit as proposed by the Board of Managements and subject to approval by shareholders at the annual general meeting:

- ▶ Statutory reserve is set in order to supplement the Corporation's charter capital and ensure its solvency. This fund shall deduct 5% of the Corporation's annual profit after tax until it equals to 10% of the Corporation's charter capital based on Decree 73.
- ▶ Bonus and welfare fund is set in order to reward employees, encourage physical benefits and improve the general welfare for employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.15 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) *Gross written premiums*

Gross written premiums are recognized in accordance with Circular 50 on financial regime applicable to insurers, reinsurers, insurance brokers and foreign general insurance branches.

Specifically, gross written premium is recognized as revenue based on the inception of policies (at the point of time when risk is insured) and when the following conditions are met:

- (1) the insurance contract has been entered into by the insurer and the insured, and the insured has paid full premium; or
- (2) there's evidence about coverage acceptance and the insured has paid full premium; or
- (3) the insurance contract has been entered into by the insurer and the insured and there is agreement between the Corporation and the insured for term payment of insurance premium, which in such case the insurer still should recognize as revenue the premium payables according to agreement in the insurance contract. The credit term shall not exceed 30 days from policy inception date. For instalment contracts, general insurers are required to record revenue from insurance premium of the first instalment on the insurance contract's effective date and record revenue from premium of the remaining instalments only when the policyholder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment, insurance contract shall automatically terminate after contractual premium payment date.

Advance premium before due date is recorded as "Short-term unearned revenue" in the balance sheet as at the balance sheet date.

(ii) *Reinsurance recovery from outward reinsurance*

Reinsurance recovery is recognized on an accrual basis.

(iii) *Commission income from outward reinsurance*

Commission income is recognized on an accrual basis and based on outward reinsurance premium ceded.

(iv) *Interest*

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless recoverability is improbable.

(v) *Dividends*

Income is recognized when the Corporation's entitlement as an investor to receive the dividend in cash is established. If the Corporation is entitled to receive dividend in shares or bonus share, only the number of shares received will be reflected in the share portfolio of the Corporation.

(vi) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the terms of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 Expense recognition

(i) *Outward reinsurance premium*

Outward reinsurance premium ceded is recognized as expense on an accrual basis and based on gross written premiums and reinsurance arrangements.

(ii) *Claim expense*

Claim expenses are recognized at the point of time when the claims documents are completed and approved by authorized persons. Any claim that is not yet approved by authorised persons is considered as an outstanding claim and included in claims reserve.

(iii) *Commission expense*

Commission expenses are recognized on accrual basis. Commission expenses are calculated at percentage of gross written premium and recognized in the income statement. The percentage of commission over the gross written premium for specific line of insurance is stipulated in Circular 50. At the end of accounting year, the part of insurance commission which is not included in income and expense of year corresponding with unearned premium of direct insurance shall be determined and allocated in the subsequent years using registered method for unearned premium reserve.

(iv) *Other general administrative expense*

Other general and administrative expense is recognized on accrual basis.

(v) *Leased assets*

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

#### 3.17 Recognition of reinsurance activities

(i) *Reinsurance ceded*

- ▶ Reinsurance premium ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.
- ▶ Reinsurance premium ceded under facultative reinsurance agreements is recognized when the facultative reinsurance agreement has been entered into by the Corporation and when gross written premiums within the scope of the facultative agreements are recognized.
- ▶ Reinsurance recovery is recognized when there is evidence of liability on the part of the reinsurer.
- ▶ Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded. At the end of the year, the part of reinsurance commission which is not included in income and expenses of the year corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.17 Recognition of reinsurance activities (continued)

##### (ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- ▶ Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements but for which the cedants have not sent their statement of accounts are estimated based on the historical experience and the Corporation's own estimate taking into account.

Reinsurance assumed under facultative arrangement:

- ▶ Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been entered into by the Corporation and a statement of account (for each facultative reinsurance agreement) has been received from the cedants;
- ▶ Claim expenses for reinsurance assumed is recognized when there is evidence of liability of the Corporation and when a statement of account has been sent to the Corporation; and
- ▶ Reinsurance commission is recognized when the reinsurance premium is ceded and when a statement of account has been sent to the Corporation. At the end of year, the part of reinsurance commission which is not included in expenses of the year corresponding to unearned premium of reinsurance assumed shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

#### 3.18 Taxation

##### Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Corporation to off-set current tax assets against current tax liabilities and when the Corporation intends to settle its current tax assets and liabilities on a net basis.

##### Deferred tax

Deferred tax is provided using liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.18 Taxation (continued)**

*Deferred tax (continued)*

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except :

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Previously unrecognized deferred tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.19 Financial instruments**

*Financial instruments – initial recognition and presentation*

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Corporation determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Corporation's financial assets include cash and short-term deposits, trade and other receivables, loan receivables, quoted and unquoted financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.19 Financial instruments** (continued)

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost net of directly attributable transaction costs.

The Corporation's financial liabilities include trade and other payables.

*Financial instruments – subsequent re-measurement*

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**3.20 Use of estimates**

The preparation of the financial statements requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

**3.21 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Corporation (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Corporation (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.22 Off-balance sheet items**

In accordance with the accounting guidance for insurance companies, insurance policies that have been signed but for which no obligations have arisen on the part of the insurers are not recorded in the balance sheet until the premium is collected or the policies become effective.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2020

**4. CASH AND CASH EQUIVALENTS**

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>Currency: VND</i>
		<i>Ending balance</i>
Cash on hand	5,507,953,082	6,587,940,102
<i>In which: VND</i>	5,507,953,082	6,587,940,102
Cash at bank	144,320,667,114	227,517,985,295
<i>In which: VND</i>	130,018,236,241	197,478,105,888
<i>Foreign currency</i>	14,302,430,873	30,039,879,407
Cash in transit	-	2,161,792,000
	<b><u>149,828,620,196</u></b>	<b><u>236,267,717,397</u></b>

**5. SHORT-TERM INVESTMENTS**

	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
			<i>Currency: VND</i>
			<i>Ending balance</i>
<b>Trading securities</b>	<b>5.1</b>		
Shares		199,958,675,495	261,236,825,120
Provision for impairment of trading securities		(54,878,706,317)	(86,258,198,854)
<b>Held-to-maturity investments</b>	<b>5.2</b>		
Deposits		2,447,135,125,210	2,111,348,508,543
Bonds		77,172,887,595	77,172,887,595
Certificates of deposits		20,000,000,000	-
		<b><u>2,544,308,012,805</u></b>	<b><u>2,188,521,396,138</u></b>
Provision for other short-term investment		(255,618,012,805)	(255,618,012,805)
<b>Net value of short-term investments</b>		<b><u>2,433,769,969,178</u></b>	<b><u>2,107,882,009,599</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

5. SHORT-TERM INVESTMENTS (continued)

5.1 Trading Securities

Currency: VND

	Market	Ending balance			Beginning balance		
		Cost	Fair value	Provision	Cost	Fair value	Provision
LPB	HOSE	25,253,144,300	25,253,144,300	-	25,253,144,300	18,108,478,200	(7,144,666,100)
GMD	HOSE	23,593,496,000	22,821,956,000	(771,540,000)	23,593,496,000	16,311,398,000	(7,282,098,000)
NOS	UpCom	20,000,000,000	-	(20,000,000,000)	20,000,000,000	1,000,000,000	(19,000,000,000)
KSB	HOSE	14,858,489,001	12,573,000,000	(2,285,489,001)	14,858,489,001	5,610,000,000	(9,248,489,001)
NTP	HNX	14,279,100,000	9,504,000,000	(4,775,100,000)	14,279,100,000	7,106,000,000	(7,173,100,000)
PTB	HOSE	13,914,607,000	11,020,363,200	(2,894,243,800)	13,914,607,000	12,523,140,000	(1,391,467,000)
VPB	HOSE	4,998,718,525	4,998,718,525	-	12,588,826,371	7,961,200,000	(4,627,626,371)
CII	HOSE	11,608,531,800	7,283,918,000	(4,324,613,800)	11,608,531,800	7,658,325,000	(3,950,206,800)
MBB	HOSE	11,269,709,540	11,269,709,540	-	11,269,709,577	11,269,709,577	-
IMP	HOSE	9,941,369,777	9,941,369,777	-	13,576,183,000	10,488,000,000	(3,088,183,000)
SKG	HOSE	9,853,449,000	4,831,200,000	(5,022,249,000)	9,853,449,000	5,068,800,000	(4,784,649,000)
NCT	HOSE	9,663,698,000	6,841,100,000	(2,822,598,000)	9,663,698,000	7,085,425,000	(2,578,273,000)
DRH	HOSE	8,698,500,000	4,117,290,000	(4,581,210,000)	8,698,500,000	1,538,668,000	(7,159,832,000)
BSR	UpCom	6,649,580,000	3,397,148,000	(3,252,432,000)	6,649,580,000	2,780,108,000	(3,869,472,000)
POW	HOSE	5,002,465,316	4,488,081,600	(514,383,716)	5,002,465,316	3,778,568,700	(1,223,896,616)
STG	HOSE	4,584,207,000	3,233,800,000	(1,350,407,000)	4,584,207,000	3,393,362,500	(1,190,844,500)
ILA	UpCom	3,029,400,000	744,960,000	(2,284,440,000)	3,029,400,000	577,344,000	(2,452,056,000)
Dia oc 9	OTC	514,000,000	514,000,000	-	514,000,000	514,000,000	-
TCL	HOSE	172,486	172,486	-	1,897,298,466	1,803,959,000	(93,339,466)
CTR	UpCom	-	-	-	502,815	502,815	-
FPT	HOSE	2,246,037,750	2,246,037,750	-	1,637,474	1,637,474	-
TNG	HNX	-	-	-	50,400,000,000	50,400,000,000	-
OSB	OTC	-	-	-	-	-	-
		<b>199,958,675,495</b>	<b>145,079,969,178</b>	<b>(54,878,706,317)</b>	<b>261,236,825,120</b>	<b>174,978,626,266</b>	<b>(86,258,198,854)</b>



# Bao Minh Insurance Corporation

B09-DNPNT

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

## 5. SHORT-TERM INVESTMENTS (continued)

### 5.2 Held-to-maturity investments

Currency: VND

	Ending balance			Beginning balance		
	Cost	Carrying value	Provision	Cost	Carrying value	Provision
Deposits (i)	2,447,135,125,210	2,268,690,000,000	(178,445,125,210)	2,111,348,508,543	1,932,903,383,333	(178,445,125,210)
Bonds	77,172,887,595	-	(77,172,887,595)	77,172,887,595	-	(77,172,887,595)
- Song Da - Thang Long, JSC (ii)	8,763,407,588	-	(8,763,407,588)	8,763,407,588	-	(8,763,407,588)
- Vinashin (ii)	68,409,480,007	-	(68,409,480,007)	68,409,480,007	-	(68,409,480,007)
Certificates of deposit	20,000,000,000	20,000,000,000	-	-	-	-
	<b>2,544,308,012,805</b>	<b>2,288,690,000,000</b>	<b>(255,618,012,805)</b>	<b>2,188,521,396,138</b>	<b>1,932,903,383,333</b>	<b>(255,618,012,805)</b>

(i) Term deposits having original terms greater than 3 months, remaining terms not greater than 12 months as at 31 December 2020 which earn interest at rates ranging from 4.6% p.a. to 8.9% p.a. Provision for term deposit receivable 178 billion VND is provision for overdue deposit at ALC2.

(ii) Bonds of Song Da -Thang Long, JSC and Vinashin are overdue. The Corporation made provision 100% for these investments according to Circular 48/2019/TT-BTC.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

## 6. SHORT-TERM RECEIVABLES

	<i>Ending balance</i>	<i>Beginning balance (restated)</i>
		<i>Currency: VND</i>
		<i>Beginning balance (restated)</i>
<b>Trade receivables</b>	<b>1,156,365,583,511</b>	<b>1,075,197,330,771</b>
Direct Insurance receivables	278,105,699,653	246,378,335,889
Assumed premium receivables	330,191,948,012	155,811,490,147
Reinsurance ceded receivables	536,238,971,717	655,781,968,086
- Reinsurance claim ceded receivables	535,950,591,486	655,493,587,855
- Other reinsurance ceded receivables	288,380,231	288,380,231
Receivables from co-insurers	499,162,655	2,350,958,390
Other trade receivables	11,329,801,474	14,874,578,259
<b>Advances to suppliers</b>	<b>7,956,402,252</b>	<b>5,220,211,201</b>
<b>Other receivables</b>	<b>298,783,309,585</b>	<b>304,181,826,102</b>
Investment receivables	176,999,011,717	160,700,342,710
Other receivables	121,784,297,868	143,481,483,392
	<b>1,463,105,295,348</b>	<b>1,384,599,368,074</b>
<b>Provision for doubtful debts</b>	<b>(362,847,529,869)</b>	<b>(255,600,095,151)</b>
Provision for doubtful debts of trade receivables	(288,526,571,326)	(181,279,136,608)
Provision for doubtful debts of investment receivables	(74,320,958,543)	(74,320,958,543)
<b>Net short-term receivables</b>	<b>1,100,257,765,479</b>	<b>1,128,999,272,923</b>

## 7. INVENTORIES

	<i>Ending balance</i>	<i>Beginning balance (restated)</i>
		<i>Currency: VND</i>
		<i>Beginning balance (restated)</i>
Pre-printed certificates	5,004,575,898	3,997,359,689
Materials and stationery	215,890,422	163,556,845
	<b>5,220,466,320</b>	<b>4,160,916,534</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**8. SHORT-TERM PREPAID EXPENSES**

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Unallocated commission expenses</b>	<b>185,005,658,130</b>	<b>180,554,186,282</b>
<b>Other prepaid expenses</b>	<b>132,545,669,027</b>	<b>134,127,590,085</b>
- <i>Tools and equipment</i>	5,163,638	228,229,119
- <i>Prepaid expenses for external services</i>	127,421,396,737	119,430,226,605
- <i>Other prepaid expenses</i>	5,119,108,652	14,469,134,361
	<b><u>317,551,327,157</u></b>	<b><u>314,681,776,367</u></b>

**9. LONG-TERM RECEIVABLES**

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Statutory deposit (*)	10,000,000,000	10,000,000,000
Other long-term receivables	4,794,823,318	4,085,991,486
Accrual interest receivables	1,479,341,918	-
	<b><u>16,274,165,236</u></b>	<b><u>14,085,991,486</u></b>

(\*) The Corporation has to maintain statutory insurance deposit equivalent to 2% of its legal capital according to Decree No. 46/2007/ND-CP.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

### 10. TANGIBLE FIXED ASSETS

	Machinery and equipment	Vehicles	Office equipment	Building	Other tangible fixed assets	Currency: VND
						Total
<b>Costs</b>						
Beginning balance (restated)	232,974,418	70,802,881,423	19,759,337,432	136,602,585,264	6,727,736,433	234,125,514,970
Newly purchased	-	9,500,058,908	283,581,509	-	-	9,783,640,417
Disposed	-	(3,677,239,708)	(290,794,481)	-	-	(3,968,034,189)
Ending balance	232,974,418	76,625,700,623	19,752,124,460	136,602,585,264	6,727,736,433	239,941,121,198
<i>In which:</i>						
Fully depreciated	-	16,645,426,268	13,773,342,661	10,503,510,730	3,814,355,670	44,736,635,329
<b>Accumulated depreciation</b>						
Beginning balance (restated)	52,965,965	41,090,726,803	17,466,529,083	77,551,930,466	4,754,924,383	140,917,076,700
Depreciation for the year	25,848,862	4,984,790,179	721,388,140	4,570,790,772	509,738,640	10,812,556,593
Disposed	-	(3,677,239,708)	(290,794,481)	-	-	(3,968,034,189)
Ending balance	78,814,827	42,398,277,274	17,897,122,742	82,122,721,238	5,264,663,023	147,761,599,104
<b>Net carrying amount</b>						
Beginning balance (restated)	180,008,453	29,712,154,620	2,292,808,349	59,050,654,798	1,972,812,050	93,208,438,270
Ending balance	154,159,591	34,227,423,349	1,855,001,718	54,479,864,026	1,463,073,410	92,179,522,094

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

## 11. INTANGIBLE FIXED ASSETS

	Currency: VND		
	<u>Software</u>	<u>Land use rights</u>	<u>Total</u>
<b>Costs</b>			
Beginning balance (restated)	88,773,576,187	194,166,163,294	282,939,739,481
<i>Newly purchased</i>	1,267,192,000	-	1,267,192,000
<i>Reclassification</i>	-	-	-
Ending balance	<u>90,040,768,187</u>	<u>194,166,163,294</u>	<u>284,206,931,481</u>
<i>In which:</i>			
<i>Fully depreciated</i>	68,022,429,351	-	68,022,429,351
<b>Accumulated amortization</b>			
Beginning balance (restated)	72,813,684,836	11,472,793,107	84,286,477,943
<i>Amortisation for the year</i>	4,010,056,934	2,012,327,609	6,022,384,543
Ending balance	<u>76,823,741,770</u>	<u>13,485,120,716</u>	<u>90,308,862,486</u>
<b>Net carrying amount</b>			
Beginning balance (restated)	<u>15,959,891,351</u>	<u>182,693,370,187</u>	<u>198,653,261,538</u>
Ending balance	<u>13,217,026,417</u>	<u>180,681,042,578</u>	<u>193,898,068,995</u>

## 12. CONSTRUCTION IN PROGRESS

	Currency: VND	
	<u>Ending balance</u>	<u>Beginning balance</u>
Construction in progress	19,309,738,173	11,486,366,059
Purchased fixed assets	804,324,182	804,324,182
Repaired fixed assets	190,229,214	190,229,214
	<u>20,304,291,569</u>	<u>12,480,919,455</u>

Construction in progress as at 31 December 2020 and 31 December 2019 represents the value of working office construction of Bao Minh's branches around Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**13. INVESTMENT PROPERTIES**

	<i>Currency: VND</i>		
	<u>Building</u>	<u>Land use rights</u>	<u>Total</u>
<b>Costs</b>			
Beginning balance (restated)	80,177,678,249	101,071,189,764	181,248,868,013
Ending balance	80,177,678,249	101,071,189,764	181,248,868,013
<b>Accumulated depreciation</b>			
Beginning balance (restated)	18,438,288,266	-	18,438,288,266
<i>Depreciation</i>	3,091,412,999	-	3,091,412,999
Ending balance	21,529,701,265	-	21,529,701,265
<b>Net carrying amount</b>			
Beginning balance (restated)	61,739,389,983	101,071,189,764	162,810,579,747
Ending balance	58,647,976,984	101,071,189,764	159,719,166,748

**14. LONG-TERM INVESTMENTS**

		<i>Currency: VND</i>	
	<u>Notes</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Investments in subsidiary	14.1	145,350,000,000	145,350,000,000
Investments in other entities	14.1	57,615,300,000	57,615,300,000
Provision for impairment of other long-term investments	14.1	(979,106,951)	-
Held-to-maturity investments	14.2	366,000,000,000	263,000,000,000
- Term deposits		166,000,000,000	143,000,000,000
- Bonds		150,000,000,000	100,000,000,000
- Certificates of deposit		50,000,000,000	20,000,000,000
		<u>567,986,193,049</u>	<u>465,965,300,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**14. LONG-TERM INVESTMENTS** (continued)

**14.1. Investments in associates and jointly controlled entities**

	Ending balance				Beginning balance			
	Percentage of ownership of the Corporation %	Cost VND	Provision VND	Fair value VND	Percentage of ownership of the Corporation %	Cost VND	Provision VND	Fair value VND
<b>Investment in associates and joint-venture</b>	<b>48.45</b>	<b>145,350,000,000</b>	<b>-</b>	<b>145,350,000,000</b>	<b>48.45</b>	<b>145,350,000,000</b>	<b>-</b>	<b>145,350,000,000</b>
<b>Other long-term investments</b>		<b>57,615,300,000</b>	<b>(979,106,951)</b>	<b>56,636,193,049</b>		<b>57,615,300,000</b>	<b>-</b>	<b>57,615,300,000</b>
Ha Long Bay Hotel Joint Stock Company	3.27	6,000,000,000	-	6,000,000,000	3.27	6,000,000,000	-	6,000,000,000
Sai Gon Kim Lien JSC Vietnam National Reinsurance Corporation (Vinare)	10.13	7,618,100,000	(979,106,951)	6,638,993,049	10.13	7,618,100,000	-	7,618,100,000
Hatien Cement Joint-Stock Company	3.30	43,218,000,000	-	43,218,000,000	3.30	43,218,000,000	-	43,218,000,000
	2.29	779,200,000	-	779,200,000	2.29	779,200,000	-	779,200,000

United Insurance Company ("UIC") was incorporated in Vietnam as a joint venture company between the Corporation, Sampo Japan Insurance Company (incorporated in Japan) and LIG Insurance Company Limited (incorporated in Korea) for 25 years under the Investment Certificate No. 2003/GP dated 1 November 1997 issued by the Ministry of Planning and Investment, and latest amendment No. 09GP/KDBH dated 29 April 2010 issued by the Ministry of Finance. The Corporation owns 48.45% of its charter capital (equivalent to 48.45% of its voting power).

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

#### 14. LONG-TERM INVESTMENTS (continued)

##### 14.2 Held-to-maturity investments

	Ending balance			Beginning balance		
	Term	Interest rate	Carrying value	Term	Interest rate	Carrying value
	Year	% per annum	VND	Year	% per annum	VND
Term deposits	1 – 2	5.0 – 7.5	166,000,000,000	1 – 2	7.1 – 9.2	143,000,000,000
Corporate bonds	2 – 5	7.6 – 8.5	150,000,000,000	5	8.7 – 8.8	100,000,000,000
Certificates of deposit	2	7.8	50,000,000,000	2	7.8	20,000,000,000
			<b>366,000,000,000</b>			<b>263,000,000,000</b>

#### 15. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses include tools and supplies, office rental expenses and other prepaid expenses.

	Ending balance	Beginning balance (restated)
Prepaid rentals	18,517,665,997	12,957,123,384
Tools and equipment	2,619,513,579	3,580,541,898
Others	5,416,645,266	8,551,353,686
	<b>26,553,824,842</b>	<b>25,089,018,968</b>

Currency: VND



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**16. TRADE PAYABLES**

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance (restated)</u>
Claims payables	55,355,199,483	24,666,163,485
Reinsurance assumed payables	312,481,658,550	130,886,608,768
Reinsurance ceded payables	369,302,191,074	391,452,287,756
Payables to co-insurers	10,612,170,851	47,896,937,291
Other payables for direct insurance activities	151,351,191,182	78,984,048,741
Commission payables	71,363,038,500	45,937,622,718
	<b><u>970,465,449,640</u></b>	<b><u>719,823,668,759</u></b>

**17. STATUTORY OBLIGATIONS**

	<i>Currency: VND</i>			
	<u>Beginning balance (restated)</u>	<u>Movement during the year</u>		<u>Ending balance</u>
		<u>Increased</u>	<u>Paid</u>	
Value Added Tax	20,998,933,204	167,549,202,779	(169,735,766,207)	18,812,369,776
Corporate Income Tax	22,152,366,246	57,340,160,592	(91,830,921,356)	(12,338,394,518)
Other taxes	8,864,604,021	32,278,416,463	(37,888,024,217)	3,254,996,267
	<b><u>52,015,903,471</u></b>	<b><u>257,167,779,834</u></b>	<b><u>(299,454,711,780)</u></b>	<b><u>9,728,971,525</u></b>

**18. UN-EARNED COMMISSION REVENUE**

	<i>Currency: VND</i>			
	<u>Beginning balance</u>	<u>Increased</u>	<u>Allocate during year</u>	<u>Ending balance</u>
Reinsurance ceded commission income	92,375,691,111	180,881,007,007	(193,533,270,348)	79,723,427,770

**19. OTHER SHORT-TERM PAYABLES**

Other current payables present social insurance payable, health insurance payable, unemployment insurance payable and other payables relating to insurance business operation.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**20. TECHNICAL RESERVES**

Currency: VND

	Ending balance		Beginning balance (restated)			
	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve
Unearned premium reserve	1,373,969,505,219	(306,539,651,636)	1,067,429,853,583	1,328,780,551,010	(344,178,880,597)	984,601,670,413
Claim reserve	1,483,563,452,413	(1,131,758,028,601)	351,805,423,812	875,981,254,078	(620,080,811,665)	255,900,442,413
	<b>2,857,532,957,632</b>	<b>(1,438,297,680,237)</b>	<b>1,419,235,277,395</b>	<b>2,204,761,805,088</b>	<b>(964,259,692,262)</b>	<b>1,240,502,112,826</b>

**20.1 Unearned Premium reserve**

Currency: VND

	Ending balance		Beginning balance (restated)			
	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve
Opening balance	1,328,780,551,010	(344,178,880,597)	984,601,670,413	1,295,233,096,919	(410,465,958,473)	884,767,138,446
Increase/ (Decrease) during year	45,188,954,209	37,639,228,961	82,828,183,170	33,547,454,091	66,287,077,876	99,834,531,967
Closing balance	<b>1,373,969,505,219</b>	<b>(306,539,651,636)</b>	<b>1,067,429,853,583</b>	<b>1,328,780,551,010</b>	<b>(344,178,880,597)</b>	<b>984,601,670,413</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**20. TECHNICAL RESERVES (continued)**

**20.2 Claim reserve**

Currency: VND

	Ending balance		Beginning balance (restated)	
	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve	Net reserve
<b>Opening balance</b>	<b>875,981,254,078</b>	<b>(620,080,811,665)</b>	<b>255,900,442,413</b>	<b>860,356,686,986</b>
Increase/ (Decrease) during year	607,582,198,335	(511,677,216,936)	95,904,981,399	15,624,567,092
<b>Closing balance</b>	<b>1,483,563,452,413</b>	<b>(1,131,758,028,601)</b>	<b>351,805,423,812</b>	<b>875,981,254,078</b>
				<b>(620,080,811,665)</b>
				<b>241,676,126,614</b>
				<b>14,224,315,799</b>
				<b>255,900,442,413</b>

Based on loss estimate for each individual large claim, for which the Corporation is liable, which is either notified to the Corporation or requested for payment but is still unresolved as at 31 December 2020. Such reserves amounted to VND 1,406,470,595,487 in which, the amount recoverable from reinsurers relating to these outstanding claims amounted to VND 1,099,033,797,235.

Reserves for claims incurred but not reported as at 31 December 2020, amounted to VND 44,368,625,560.

**20.3 Catastrophe reserve**

Currency: VND

	Ending balance	Beginning balance
<b>Beginning balance</b>	<b>91,191,114,120</b>	<b>77,751,245,401</b>
Increased for the year	36,708,477,159	33,439,868,719
Used during the year	-	(20,000,000,000)
<b>Ending balance</b>	<b>127,899,591,279</b>	<b>91,191,114,120</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**21. STATEMENT OF CHANGES IN EQUITY**

	Charter capital	Share premium	Financial reserves funds	Retained earning	Statutory reserve fund	Total
<b>Beginning balance (restated)</b>	<b>913,540,378,000</b>	<b>974,943,696,449</b>	<b>28,085,153,439</b>	<b>287,196,027,388</b>	<b>91,354,037,800</b>	<b>2,295,119,293,076</b>
Appropriation to bonus and welfare fund	-	-	-	(33,780,460,121)	-	(33,780,460,121)
Dividend paid	-	-	-	(137,031,056,700)	-	(137,031,056,700)
Profit for the year	-	-	-	195,222,427,308	-	195,222,427,308
Write-off receivable from SCIC	-	-	-	(16,854,433,284)	-	(16,854,433,284)
<b>Ending balance</b>	<b>913,540,378,000</b>	<b>974,943,696,449</b>	<b>28,085,153,439</b>	<b>294,752,504,591</b>	<b>91,354,037,800</b>	<b>2,302,675,770,279</b>

Currency: VND

**21.1 Contributed capital**

	Ending balance		Beginning balance	
	Total	Bonus shares	Total	Bonus shares
Contributed capital	913,540,378,000	913,540,378,000	913,540,378,000	913,540,378,000
Share premium	974,943,696,449	974,943,696,449	974,943,696,449	974,943,696,449
	<b>1,888,484,074,449</b>	<b>1,888,484,074,449</b>	<b>1,888,484,074,449</b>	<b>1,888,484,074,449</b>

Currency: VND

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**21. STATEMENT OF CHANGES IN EQUITY (continued)**

**21.2 Dividend**

On 24 April 2020, the Corporation has held successfully Annual General Meeting of 2020 and approved the dividend at the rate of 15% for year 2019 (VND 1,500 per share) on charter capital of VND 913,540,378,000 equivalent to VND 137,031,056,700.

**22. INSURANCE REVENUES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Direct premium	4,306,017,198,028	3,887,288,318,921
Deductions on direct premium	(10,685,512,793)	(6,166,258,198)
<b>Net direct premium</b>	<b>4,295,331,685,235</b>	<b>3,881,122,060,723</b>
Assumed premium	474,329,576,823	503,729,976,714
Deductions on assumed premium	(4,410,908,707)	(2,497,497,141)
<b>Net assumed premium</b>	<b>469,918,668,116</b>	<b>501,232,479,573</b>
Increase in gross written un-earned premium reserve	(45,188,954,209)	(33,547,454,091)
	<b>4,720,061,399,142</b>	<b>4,348,807,086,205</b>

**22.1 Direct premium**

	<i>Currency: VND</i>	
<i>Product</i>	<i>Current year</i>	<i>Previous year (restated)</i>
Fire & Explosion Insurance	896,245,531,103	824,138,026,390
Health and Personal Accident Insurance	1,439,038,209,437	1,249,113,283,004
Cargo Insurance	140,638,063,481	169,842,329,328
Aviation Insurance	168,215,369	1,174,889,450
Engineering Insurance	133,414,701,052	150,445,995,136
Agriculture Insurance	2,814,779,743	4,176,312,161
Marine Insurance	116,294,717,450	136,940,974,003
Business Interruption Insurance	76,345,474,137	57,592,836,035
Credit Insurance	595,950,359,259	428,845,858,035
Liability Insurance	69,776,777,645	62,958,557,630
Vehicle Insurance	824,644,856,559	795,892,999,551
	<b>4,295,331,685,235</b>	<b>3,881,122,060,723</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**22. INSURANCE REVENUES (continued)**

**22.2 Assumed premium**

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	199,625,327,438	254,374,622,861
Health and Personal Accident Insurance	24,769,397,135	13,465,736,725
Cargo Insurance	114,663,699,867	112,909,123,155
Aviation Insurance	31,758,433,970	48,995,832,002
Engineering Insurance	53,084,326,327	33,746,581,820
Agriculture Insurance	385,518,155	3,481,156,761
Marine Insurance	12,701,589,521	12,013,484,469
Liability Insurance	32,930,375,703	22,042,902,086
Vehicle Insurance	-	203,039,694
	<b>469,918,668,116</b>	<b>501,232,479,573</b>

**23. CEDED PREMIUM**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Ceded premium	1,094,402,637,364	1,031,584,095,981
Decrease in un-earned ceded premium reserve	37,639,228,961	66,287,077,876
	<b>1,132,041,866,325</b>	<b>1,097,871,173,857</b>

**23.1 Ceded premium**

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	725,444,226,308	659,940,715,102
Health and Personal Accident Insurance	2,654,307,918	4,230,802,382
Cargo Insurance	72,095,032,686	94,161,497,691
Aviation Insurance	1,234,786,449	3,227,237,296
Engineering Insurance	99,751,769,681	100,550,422,099
Agriculture Insurance	565,900,247	4,053,605,119
Marine Insurance	41,769,817,428	42,157,528,637
Business Interruption Insurance	74,954,573,971	54,045,105,917
Credit Insurance	32,420,607,472	33,608,071,352
Liability Insurance	43,156,936,276	34,687,134,199
Vehicle Insurance	354,678,928	921,976,187
	<b>1,094,402,637,364</b>	<b>1,031,584,095,981</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**24. CEDED COMMISSION AND OTHER INCOME FROM INSURANCE ACTIVITIES**

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Reinsurance ceded commission	193,533,270,348	180,627,144,445
Other incomes from insurance activities	10,023,823,206	5,018,918,450
	<b><u>203,557,093,554</u></b>	<b><u>185,646,062,895</u></b>

**25. CLAIM EXPENSES**

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year (restated)</u>
Direct claim expenses and claim expenses on inward reinsurance	1,500,630,147,277	1,725,642,616,729
- <i>Direct claim expenses</i>	1,242,290,328,897	1,454,056,984,432
- <i>Claim expenses on inward reinsurance</i>	258,339,818,380	271,585,632,297
Reductions on claim expenses (Recovery from third party and salvages)	(16,333,665,036)	(51,392,327,710)
Recovery from reinsurance ceded	(362,013,707,998)	(467,881,432,973)
Increase in gross claim reserve and reinsurance assumed claim reserve	607,582,198,335	15,624,567,092
Increase in outward reinsurance claim reserve	(511,677,216,936)	(1,400,251,293)
	<b><u>1,218,187,755,642</u></b>	<b><u>1,220,593,171,845</u></b>

**25.1 Direct claim expenses**

	<i>Currency: VND</i>	
<u>Product</u>	<u>Current year</u>	<u>Previous year (restated)</u>
Fire & Explosion Insurance	287,403,052,228	428,239,541,304
Health and Personal Accident Insurance	339,353,292,475	311,121,717,342
Cargo Insurance	25,831,460,000	82,727,803,837
Aviation Insurance	-	90,079,750
Engineering Insurance	49,523,634,837	52,301,612,175
Agriculture Insurance	-	13,119,164,528
Marine Insurance	144,470,600,364	107,606,387,567
Business Interruption Insurance	-	3,385,140,685
Credit Insurance	6,747,377,648	11,529,550,113
Liability Insurance	1,396,008,217	9,453,783,701
Vehicle Insurance	387,564,903,128	434,482,203,430
	<b><u>1,242,290,328,897</u></b>	<b><u>1,454,056,984,432</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**25. CLAIM EXPENSES** (continued)

**25.2 Claim expenses on inward reinsurance**

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	118,281,880,622	132,894,737,078
Health and Personal Accident Insurance	21,253,343,484	9,683,984,652
Cargo Insurance	44,818,228,732	69,841,854,961
Aviation Insurance	16,129,923,059	12,811,306,665
Engineering Insurance	27,706,087,465	24,721,080,365
Agriculture Insurance	1,079,013,735	1,210,877,329
Marine Insurance	11,094,560,315	9,844,623,398
Liability Insurance	17,911,992,568	10,559,907,673
Vehicle Insurance	64,788,400	17,260,176
	<b>258,339,818,380</b>	<b>271,585,632,297</b>

**25.3 Recovery from reinsurance ceded**

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Fire & Explosion Insurance	229,762,656,830	325,578,329,093
Health and Personal Accident Insurance	35,826,906	276,259,912
Cargo Insurance	3,955,526,360	43,451,141,421
Aviation Insurance	-	972,510,000
Engineering Insurance	45,067,860,269	42,328,882,018
Agriculture Insurance	-	12,463,206,856
Marine Insurance	81,267,954,124	22,140,490,499
Business Interruption Insurance	-	3,256,091,588
Credit Insurance	1,544,905,328	11,886,495,284
Liability Insurance	342,959,686	5,312,325,700
Vehicle Insurance	36,018,495	215,700,602
	<b>362,013,707,998</b>	<b>467,881,432,973</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**26. OTHER OPERATING EXPENSES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Commission expense	636,631,423,032	610,579,596,454
Salary	338,168,155,141	346,553,893,420
Office expense	17,793,835,241	16,720,514,371
Depreciation expense	9,334,308,467	8,953,540,894
Allowance for doubtful debt	103,934,082,200	(9,874,045,847)
Other service expenses	26,180,379,370	28,906,988,454
Tax, fee	9,396,165,473	7,850,156,764
Selling, advertising expense	307,191,855,522	277,749,886,847
Underwriting expense	747,173,786,098	537,510,247,246
Agent supporting expense	133,545,782,020	102,377,092,335
Loss prevention expense	26,363,239,575	12,724,829,498
Expense for insured's risk assessment	1,210,768,769	1,082,840,645
Promotion expense for students insurance	16,783,157,383	15,820,258,859
Other expenses	7,364,906,398	7,276,713,227
	<b><u>2,381,071,844,689</u></b>	<b><u>1,964,232,513,167</u></b>

**27. FINANCE INCOME**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Interest income from deposits at banks	177,987,159,542	154,399,745,200
Coupon interest from investments in bonds	10,460,838,356	5,747,705,480
Dividends earned	43,576,228,800	29,327,216,458
Foreign exchange gains	7,905,082,255	11,376,343,279
Gain from investment securities	6,555,326,675	3,240,526,279
Other finance income	1,106,311,690	945,597,817
	<b><u>247,590,947,318</u></b>	<b><u>205,037,134,513</u></b>

**28. FINANCE EXPENSES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Expenses allocated from administrative expenses	72,159,219,400	48,377,779,631
Foreign exchange losses	13,180,710,718	12,476,287,510
(Reversal)/Provision for investment	(30,400,385,586)	12,167,700,586
Loss from trading securities	-	424,983,754
Other financial expenses	360,102,102	5,161,836,672
	<b><u>55,299,646,634</u></b>	<b><u>78,608,588,153</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

## 29. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Labour costs	60,406,072,109	62,065,828,969
Stationeries, tools & equipment	3,275,967,216	2,414,794,088
Depreciation expenses	6,157,121,380	5,736,795,427
Tax and fees	67,320,278	96,015,214
Expenses for external services	33,086,446,018	34,194,443,470
Conference, meeting expenses	8,450,812,560	6,306,994,156
Other expenses	10,721,357,431	12,883,007,816
	<b><u>122,165,096,992</u></b>	<b><u>123,697,879,140</u></b>

## 30. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Proceeds on disposal of assets	722,142,727	1,804,305,560
Other income	1,108,098,862	9,946,563,787
<b>Other income</b>	<b><u>1,830,241,589</u></b>	<b><u>11,750,869,347</u></b>
Expenses on disposal of assets	-	(6,536,364)
Other expenses	(451,914,224)	(4,937,677,852)
<b>Other expenses</b>	<b><u>(451,914,224)</u></b>	<b><u>(4,944,214,216)</u></b>
<b>Net other income</b>	<b><u>1,378,327,365</u></b>	<b><u>6,806,655,131</u></b>

## 31. CURRENT CORPORATE INCOME TAX

In 2020, the Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 20% of its taxable profits (2019: 20%).

The Corporation's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

### 31.1 Corporate Income Tax Expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Current Corporate Income Tax Expenses	57,340,160,592	43,609,191,330
Adjustment for under accrual of tax prior year	-	6,127,708,280
Deferred tax income	(19,351,575,952)	(3,594,472,123)
<b>Corporate Income Tax Expenses</b>	<b><u>37,988,584,640</u></b>	<b><u>46,142,427,487</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**31. CURRENT CORPORATE INCOME TAX (continued)**

**31.2 Current Corporate Income Tax**

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation's liability for current tax is calculated by using tax rates that have been enacted by the balance sheet date.

The reconciliation between CIT expense and the accounting profit/(loss) multiplied by CIT rate is presented below:

	<i>Current year</i>	<i>Currency: VND Previous year (restated)</i>
<b>Accounting profit before tax</b>	<b>233,211,011,948</b>	<b>254,022,657,363</b>
<b>At CIT rate of 20%</b>	<b>46,642,202,390</b>	<b>50,804,531,472</b>
<b>Adjustments to increase</b>		
Non-deductible expenses	61,628,010	1,087,964,878
Adjustment for under accrual of tax prior year	-	6,127,708,280
<b>Adjustments to decrease</b>		
Non-taxable income	<u>(8,715,245,760)</u>	<u>(11,877,777,143)</u>
<b>Estimated current Corporate income tax expenses</b>	<b><u>37,988,584,640</u></b>	<b><u>46,142,427,487</u></b>

**31.3 Deferred Income Tax**

The followings are the major deferred tax assets and liabilities recognized by the Corporation, and the movements thereon, during the current and prior reporting year.

	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax assets</b>	<b>29,710,679,914</b>	<b>10,359,103,962</b>		
Provision expenses for doubtful debt	29,710,679,914	10,359,103,962	19,351,575,952	3,594,472,123
<b>Net deferred income tax charged to income statement</b>			<b><u>19,351,575,952</u></b>	<b><u>3,594,472,123</u></b>

**32. OPERATING LEASE COMMITMENTS**

The Corporation leases office premises under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

	<i>Ending balance</i>	<i>Currency: VND Beginning balance</i>
Within 1 year	5,910,111,710	6,034,671,239
From 1-5 years	8,616,178,189	8,228,015,796
	<b><u>14,526,289,899</u></b>	<b><u>14,262,687,035</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**33. OFF BALANCE SHEET ITEMS**

	<u>Ending balance</u>	<u>Beginning balance</u>
1. Insurance policies signed but not yet being effective (VND)	42,444,006,515	23,844,621,090
2. Foreign currencies		
- USD	579,447	1,278,782
- EUR	19,770	11,225
- JPY	26,345	27,797
- SGD	11,333	11,355

**34. TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related parties of the Corporation if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Corporation and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

Significant transactions with related parties during the year were as follows:

<u>Related parties</u>	<u>Transactions</u>	<i>Currency: VND</i>	
		<u>Current year</u>	<u>Previous year</u>
AXA.SA - France	Ceded premium	9,106,872,703	18,147,569,521
	Ceded commission	874,154,502	2,594,849,872
United Insurance Company of Vietnam	Assumed premium	160,073,266,167	56,128,596,826
	Assumed commission expense	54,005,610,657	18,616,627,450

Amounts due to and due from related parties as at the end of the year were as follows:

<u>Related party</u>	<u>Description</u>	<i>Currency: VND</i>	
		<u>Ending balance</u>	<u>Beginning balance</u>
AXA.SA - France	Claim recovery receivable	1,952,734,342	-
	Ceded premium payable	(12,937,142,022)	(13,329,043,791)
United Insurance Company of Vietnam	Assumed premium receivable	11,569,370,535	32,656,375,689
	Claim recovery payable	(26,247,774,246)	(8,652,430,434)

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 34. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of Board of Management, Board of Director and Board of Supervision:

Name	Title	Current year	Previous year
Le Song Lai	Chairman	145,300,000	129,480,423
Vu Thai Huyen	Chairwoman	8,300,000	-
Le Van Thanh	Board of Directors member, Chief Executive Officer	2,201,375,076	2,197,403,127
Vu Anh Tuan	Board of Directors member, Deputy Chief Executive Officer,		
	Chief Executive Officer	1,780,379,886	1,424,522,590
Ivan Tam Kwok Wing	Board of Directors member	140,600,000	129,480,423
Dinh Thi Minh Khue	Board of Directors member	132,300,000	129,480,423
Bui Thi Thu Thanh	Board of Directors member	140,600,000	129,480,423
Le Viet Thanh	Board of Directors member	8,300,000	-
Callard Stumpf Céline	Board of Directors member	8,300,000	-
Dang Nhu Loi	Board of Directors member	-	90,000,000
Tran Van Ta	Board of Directors member	203,000,000	223,500,000
Le Minh Tuyet	Board of Directors member	134,100,000	108,278,338
Nguyen Hung Minh	Head of the Board of Supervision	-	34,348,338
Nicolas De Nazelle	Board of Supervision member	106,100,000	108,278,336
Phan Thi Hong Phuong	Board of Supervision member	86,100,000	10,430,000
Jonathan Yau Chun Hung	Board of Supervision member	106,100,000	108,278,338
Chu Thi Phuong Anh	Board of Supervision member	-	595,285,000
Nguyen The Nang	Deputy Chief Executive Officer	1,816,580,061	1,626,460,163
Nguyen Phu Thuy	Deputy Chief Executive Officer	1,426,945,362	1,573,082,473
Pham Minh Tuan	Deputy Chief Executive Officer	1,527,759,850	1,057,554,343
Chau Quang Linh	Deputy Chief Executive Officer	1,226,461,592	404,845,590
Trinh Thi Xuan Dung	Deputy Chief Executive Officer	-	445,040,000
Sai Van Hung	Accountant, Chief Accountant	1,126,242,473	663,875,442
Le Minh Tri	Chief Accountant	-	629,264,726

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**35. EARNINGS PER SHARE**

	<i>Current year</i>	<i>Previous year (restated)(*)</i>
Net profit after tax	195,222,427,308	207,880,229,876
Distribution to bonus and welfare fund (**)	29,590,265,401	28,776,731,274
Distribution to compulsory reserve	-	1,906,162,401
Net profit after tax attributable to ordinary shareholders for basic earnings	165,632,161,907	177,197,336,201
Weighted average number of ordinary shares	91,354,037	91,354,037
Net profit attributable to ordinary shareholders	1,813	1,940

(\*) Profit used to compute earnings per share for the year 2019 as presented in the financial statements for the year 2019 was restated to reflect the actual distribution to bonus and welfare fund from 2019 retained earnings according to the resolution of Annual General Meeting of 2020.

(\*\*) Distribution to bonus and welfare fund for 2020 is accrued based on the profit distribution plan of 2020. The actual distribution to bonus and welfare fund from 2020 retained earnings will be decided according to the resolution of Annual General Meeting of 2021.

**36. RISK MANAGEMENT FRAMEWORK**

**36.1 Risk management framework**

The primary objective of the Corporation's risk and financial management framework is to achieve its sustainable financial performance targets. The Members' Council and the Board of Management recognize the importance of an efficient and effective risk management system.

The risk management activities include identifying and managing significant risk events which could impact directly or indirectly on the Corporation financial position, brand name or other factors that could prevent the Corporation from achieving its plans.

For the Corporation, risk events can be categorized into two groups: insurance risk and financial risk. The insurance risk arises when the Corporation accepts risk transferred through an effective policy with insured and other insurance company. The financial risk events are credit risk, liquidity risk. The financial risk arises from payment commitments by customers, reinsurers; invested entities and investment environment as well as the situation of insurance risk events.

Risk management is conducted through identifying and classifying risk events based on sets of criteria; evaluating causes and possibility of risk events as well as measuring the impact of each event; proposing solutions for each risk event in line with risk appetite of the Corporation.

The Corporation is currently implementing the delivery of Phase I of "Develop Risk Management Framework" project. Board of Management intends to implement Risk Management Framework in accordance with pre-determined roadmap to improve risk management awareness for all levels of management and employees and to make risk management become a part of the Corporation's culture.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

### 36. RISK MANAGEMENT FRAMEWORK (continued)

#### 36.2 *Risk management objectives, policies and processes for management of insurance risk*

The primary insurance activity carried out by the Corporation is the assumption of risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such the Corporation is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Corporation also has exposure to market risk through its insurance and investment activities.

The Corporation manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues.

#### 36.3 *Capital management and regulatory framework*

The primary capital management objectives of the Corporation are meeting the requirement on the legal capital to fulfil insurance operation, financial investment, and other activities; and developing and maintaining a strong capital base to support the development of its business. The Corporation recognises the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance.

Regulatory capital requirements on the insurance operations require the Corporation to hold sufficient assets to cover liabilities and satisfy the minimum solvency margin requirements in Vietnam. The solvency requirements that apply to the Corporation are those set out in Circular 50 issued by the Ministry of Finance. Regulators are primarily interested in protecting the rights of policyholders and monitoring the insurance companies closely to ensure that the insurers maintain appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The tables below summarise the minimum regulatory solvency margin and the Corporation's solvency margin:

	<i>Corporation Solvency Margin VND million</i>	<i>Minimum Solvency Margin VND million</i>	<i>Solvency Margin Ratio</i>
31 December 2020	1,420,071	917,712	155%
31 December 2019 (restated)	1,278,843	837,693	153%

The solvency ratio of the Corporation is calculated based on the relevant regulations promulgated by the Ministry of Finance in Vietnam, which is an indicator of the overall solvency position of the relevant insurance operations.

#### 36.4 *Underwriting strategy*

The Corporation's underwriting strategy seeks the diversity for products, distribution channel and focus on the most profitable products to ensure a balanced mix of business portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

## 36. RISK MANAGEMENT FRAMEWORK (continued)

### 36.5 *Reinsurance strategy*

The Corporation reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. The amount of each risk retained depends on the Corporation's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Corporation remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Ceded reinsurance contains credit risk, and to minimise such risk, only those reinsurers whose credit rating either assessed by credit rating agencies or internally.

### 36.6 *Management of insurance and financial risk*

The Corporation's operating is impacted by risks as below:

- ▶ Insurance risk
- ▶ Other risks including fraud risk, financial risk, liquidity risk, credit risk, compliance risk and market risk.

#### *Insurance risk*

To achieve risk management objectives, the Corporation has established and applied strict policies on all operation process including underwriting, reinsurance, loss survey and claim settlement.

In underwriting operation, the Corporation has diversified the insurance risks through individual customers and retail channels. Furthermore, the Corporation applies risk selective criteria. It pays special attention to insurance risks with high probability of claims or potential fraud. Besides, the Corporation also has enhanced cumulative risk evaluation and established regulations on insurance acceptance for difference product categories, for each location in order to diversify risks and avoid cumulative risk.

In 2020, the Corporation has revised the premium rate for each risk categories based on analysis of the loss experience and trends of risks, inflation, competition and change in regulations. With high loss rate and expenses categories, the Corporation only accepts to enter the insurance contract with higher premium or limited insurance coverage or increased deductible amount. The Corporation also increased the insurance acceptance rate for low risk group to increase market share and revenue.

Loss assessment and claim settlement have been executed at two levels. The large and complicated losses are handled and settled at Head Office. Small and less complicated ones which the member companies have experience in receiving and settling are handled at branch level. The Corporation has also enhanced claims processing and compensation procedure to avoid the additional risks that may arise such as: exchange rate, additional claim cost, inflation, ethics risks, etc.

#### *Other risks*

Furthermore, the Corporation has also faced with fraud risk, financial risks, liquidity risks, credit risk, compliance risk and market risk.

The mentioned risks are managed by the Corporation as follows:



NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**36. RISK MANAGEMENT FRAMEWORK (continued)**

**36.6 Management of insurance and financial risk (continued)**

**Credit risk**

The Corporation faces credit risk arising from both insurance operations and investment activities.

*Credit risk arising from insurance operations*

Despite the terms and conditions of the insurance contract defined the obligations and the deadline to pay premium, there is possibility that the policyholders may not pay premium fully and timely. To reduce these risks, the Corporation issued regulations on payment term extension process and required all the member companies to strictly comply with. Accordingly, the Corporation only delegate to member companies to extend payment term for insurance policies when they met the requirements prescribed by Circular 50. The Corporation will terminate the contracts with policyholders who are at low credit rating or inability to pay premium. The Corporation will keep track of non-performing debts to recover or write off later. For premiums which are not paid on time, the Corporation will make provision in accordance with current regulation on doubtful debts and write off if there is sufficient evidence.

The Ministry of Finance has issued Circular 50 which became effective from 1 July 2017 and defined stricter conditions for premium receivables. With this new regulation, the premium collection will be managed better.

Though the reinsurer liability under reinsurance agreement is defined, the Corporation still faces credit risk of being unable to recover claim loss from the reinsurers. To manage that risk, the Corporation has only performed reinsurance placement with international counterparties that have a good credit rating accredited by well-known rating firms. For local reinsurers who are not rated, the Corporation also has performed its own assessment as well as closely monitored their financial capacity.

*Credit risk arising from investment activities*

In addition to complying with regulatory requirements on investment of idle capital for general insurance companies, the Corporation developed its own procedures and regulations on financial investment activities to minimize credit risk. The Corporation's investment portfolio mainly comprises of fixed term investments with high liquidity such as deposits at banks, government bonds.

The Corporation maintains its adopted investment policies which focus on term deposits at banks with high credit rating and government bonds to ensure the liquidity requirements and stable income. These investments have stable interest rates with long term items available, suitable for the downward trend of market interest rate.

**Liquidity risk**

Liquidity risk occurs when the total cash/liquid assets available to the Corporation is not sufficient to meet the total short term liabilities or when the cash available is not sufficient to meet the total incurred payment demand at specific time. Only claim payment requirements could bring liquidity risk to the Corporation because regular payment and others are stable and controllable. The quick liquidity risk to the Corporation is not high due to the Corporation's experience in the insurance industry, stable loss ratio, risk transferral, and diversification.

For liquidity risk, the Corporation has an objective to maximise the profit on condition that the liquidity of the Corporation is highly assured and met claim payment demand. The Corporation has also minimized the credit risk to ensure the availability of cash when required. The Corporation has been prudent to create technical reserves and invest technical reserve fund in high liquidity portfolio with suitable term to claim payment demand term.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

### 36. RISK MANAGEMENT FRAMEWORK (continued)

#### 36.6 Management of insurance and financial risk (continued)

##### Liquidity risk (continued)

The following table summarizes the contractual maturity profile of the Corporation's financial assets based on contractual undiscounted payment at reporting date:

	Overdue	No maturity date	Up to 1 year	From 1 - 5 years	Total
<b>31 December 2020</b>					
<b>Financial assets</b>					
Fixed term investment	255,618,012,805	-	2,268,690,000,000	366,000,000,000	2,890,308,012,805
- Held to maturity	77,172,887,595	-	-	150,000,000,000	227,172,887,595
- Loans and receivables - deposit contract	178,445,125,210	-	2,268,690,000,000	216,000,000,000	2,663,135,125,210
Equity investment	-	402,923,975,495	-	-	402,923,975,495
- Available for sale securities	-	199,958,675,495	-	-	199,958,675,495
- Investments in joint-venture and associate	-	145,350,000,000	-	-	145,350,000,000
- Other long-term investment	-	57,615,300,000	-	-	57,615,300,000
Receivables	163,945,003,292	-	2,115,458,984,643	621,998,987,650	2,901,402,975,585
- Insurance receivables	163,945,003,292	-	370,421,592,569	621,998,987,650	1,156,365,583,511
- Advance to suppliers	-	-	7,956,402,252	-	7,956,402,252
- Other receivables	-	-	298,783,309,585	-	298,783,309,585
- Reinsurance assets	-	-	1,438,297,680,237	-	1,438,297,680,237
Cash and cash equivalents	-	149,828,620,196	-	-	149,828,620,196
	<b>419,563,016,097</b>	<b>552,752,595,691</b>	<b>4,384,148,984,643</b>	<b>987,998,987,650</b>	<b>6,344,463,584,081</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**36. RISK MANAGEMENT FRAMEWORK (continued)**

**36.6 Management of insurance and financial risk (continued)**

Liquidity risk (continued)

The following table summarizes the contractual maturity profile of the Corporation's financial assets based on contractual undiscounted payment at reporting date:

	Overdue	No maturity date	Up to 1 year	From 1 - 5 years	Currency: VND Total
<b>31 December 2019</b> (restated)					
<b>Financial assets</b>					
Fixed term investment	255,618,012,805	-	1,932,903,383,333	263,000,000,000	2,451,521,396,138
- Held to maturity	77,172,887,595	-	-	100,000,000,000	177,172,887,595
- Loans and receivables - deposit contract	178,445,125,210	-	1,932,903,383,333	163,000,000,000	2,274,348,508,543
Equity investment	-	464,202,125,120	-	-	464,202,125,120
- Available for sale securities	-	261,236,825,120	-	-	261,236,825,120
- Investments in joint-venture and associate	-	145,350,000,000	-	-	145,350,000,000
- Other long-term investment	-	57,615,300,000	-	-	57,615,300,000
Receivables	172,383,530,044	-	1,641,155,936,433	535,319,593,859	2,348,859,060,336
- Insurance receivables	172,383,530,044	-	367,494,206,868	535,319,593,859	1,075,197,330,771
- Advance to suppliers	-	-	5,220,211,201	-	5,220,211,201
- Other receivables	-	-	304,181,826,102	-	304,181,826,102
- Reinsurance assets	-	-	964,259,692,262	-	964,259,692,262
Cash and cash equivalents	-	236,267,717,397	-	-	236,267,717,397
	<b>428,001,542,849</b>	<b>700,469,842,517</b>	<b>3,574,059,319,766</b>	<b>798,319,593,859</b>	<b>5,500,850,298,991</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**36. RISK MANAGEMENT FRAMEWORK (continued)**

**36.6 Management of insurance and financial risk (continued)**

Liquidity risk (continued)

The following table summarizes the contractual maturity profile of the Corporation's financial liabilities based on contractual undiscounted payment at reporting date:

	Overdue	No maturity date	Up to 1 year	From 1 - 5 years	Currency: VND Total
<b>31 December 2020</b>					
<b>Financial Liabilities</b>					
Insurance payables	-	-	970,465,449,640	-	970,465,449,640
Technical reserves	-	-	2,856,444,056,369	128,988,492,542	2,985,432,548,911
Other short-term payables	-	-	38,665,481,074	-	38,665,481,074
	-	-	<b>3,865,574,987,083</b>	<b>128,988,492,542</b>	<b>3,994,563,479,625</b>
<b>31 December 2019 (restated)</b>					
<b>Financial Liabilities</b>					
Insurance payables	-	-	719,823,668,759	-	719,823,668,759
Technical reserves	-	-	2,201,663,949,953	94,288,969,255	2,295,952,919,208
Other short-term payables	-	-	47,388,820,880	-	47,388,820,880
	-	-	<b>2,968,876,439,592</b>	<b>94,288,969,255</b>	<b>3,063,165,408,847</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**36. RISK MANAGEMENT FRAMEWORK (continued)**

**36.6 *Management of insurance and financial risk* (continued)**

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise three types of risk: currency risk, interest rate risk, and other price risks such as equity price risk. Financial instruments affected by market risk include fixed maturity instruments, loans and borrowings, equity investments and financial assets, and financial liabilities denominated in foreign currency. Under the impact of many market factors such as interest rate, exchange rate, stock price, etc. the Corporation investment portfolio and cash flow could be affected negatively. With this kind of risk, the Corporation is not active to take initiative on change and effects. The solution of the Corporations is to avoid the effects or balance the adverse effects by investing in term deposits or government bonds to minimize credit risk.

**37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 has not only given the definitions of financial instruments, including financial assets and liabilities, derivative financial instruments and equity instruments; but also guided about classifying, presenting and disclosing these financial instruments.

Because Circular 210 has only required to make presentation and disclosure about financial instruments, following Circular 210 definitions are only applied to the preparation of this Note. The Corporation's asset and liability are still presented and recorded in accordance with Vietnamese Accounting Standard and Vietnam Accounting System applicable to insurance enterprises and the other relevant regulations.

**Financial Assets**

The Corporation's financial assets within the scope of Circular 210/2009/TT-BTC including cash and cash equivalents, fixed-term instruments and listed and un-listed equity instruments, loans and receivables and other financial receivables.

According to Circular 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of disclosures in the financial statements, into one of the following categories:

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

**Financial Assets** (continued)

▶ ***Financial asset recognized at fair value through profit or loss statements that satisfies either of the following conditions:***

Financial asset that satisfies either of the following conditions:

- a) A financial asset will be classified as securities held for trading if:
  - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
  - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or
  - (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through Profit and loss statement.

▶ ***Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:***

- a) Financial assets that, upon initial recognition, were categorized as such recognized at fair value through profit or loss statements;
- b) Financial assets already categorized as available for sale;
- c) Financial assets that meet the definitions of loans and receivables.

▶ ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:

- a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair, value through profit or loss statements;
- b) The amounts categorized by the entity as available for sale upon initial recognition; or;
- c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

**Financial Assets** (continued)

▶ **Available-for-sale assets**

Available-for-sale assets are non-derivative financial assets determined as available for sale or not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets recognized at fair value through profit or loss statements.

**Financial liabilities**

Financial liabilities within the scope of Circular 210 include trade and other payables, loans and borrowings.

According to Circular 210, for the purpose of disclosure in the financial statements, financial liabilities are classified as appropriate into one of the following categories:

▶ **Financial liability recognized at fair value through profit or loss statements that satisfies either of the following conditions:**

- a) Being classified as held for trading, a financial liability will be classified as securities held for trading if:
  - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
  - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,
  - (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, the entity categorizes the financial liability as such reflected at fair value through Profit and loss statement.

▶ **Financial liabilities measured at amortized cost**

Financial liabilities measured at amortized cost include financial liabilities that were not categorized as financial liabilities at fair value through profit or loss statements.

**Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

### 37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The table below presents the carrying value and fair value of financial assets which are presented in the financial statements of the Corporation as at 31 December 2020 and 31 December 2019:

	Book value		Beginning balance (restated)		Fair value	
	Ending balance	Provision	Cost	Provision	Ending balance	Beginning balance (restated)
	Cost	Provision	Cost	Provision		
<b>Financial assets</b>						
Fixed term investment	2,890,308,012,805	(255,618,012,805)	2,451,521,396,138	(255,618,012,805)	2,634,690,000,000	2,195,903,383,333
- Held to maturity	227,172,887,595	(77,172,887,595)	177,172,887,595	(77,172,887,595)	150,000,000,000	100,000,000,000
- Loans and receivables - deposit contract	2,663,135,125,210	(178,445,125,210)	2,274,348,508,543	(178,445,125,210)	2,484,690,000,000	2,095,903,383,333
Equity investment	402,923,975,495	(55,857,813,268)	464,202,125,120	(86,258,198,854)	347,066,162,227	377,943,926,266
- Available for sale securities	199,958,675,495	(54,878,706,317)	261,236,825,120	(86,258,198,854)	145,079,969,178	174,978,626,266
- Investments in joint-venture and associate	145,350,000,000	-	145,350,000,000	-	145,350,000,000	145,350,000,000
- Other long-term investment	57,615,300,000	(979,106,951)	57,615,300,000	-	56,636,193,049	57,615,300,000
Receivables	2,901,402,975,585	(362,847,529,869)	2,348,859,060,336	(255,600,095,151)	2,538,555,445,716	2,093,258,965,185
- Insurance receivables	1,156,365,583,511	(154,447,278,490)	1,075,197,330,771	(145,657,692,405)	1,001,918,305,021	929,539,638,366
- Advances to suppliers	7,956,402,252	-	5,220,211,201	-	7,956,402,252	5,220,211,201
- Other receivables	298,783,309,585	(208,400,251,379)	304,181,826,102	(109,942,402,746)	90,383,058,206	194,239,423,356
- Reinsurance assets	1,438,297,680,237	-	964,259,692,262	-	1,438,297,680,237	964,259,692,262
Cash and cash equivalents	149,828,620,196	-	236,267,717,397	-	149,828,620,196	236,267,717,397
	<b>6,344,463,584,081</b>	<b>(674,323,355,942)</b>	<b>5,500,850,298,991</b>	<b>(597,476,306,810)</b>	<b>5,670,140,228,139</b>	<b>4,903,373,992,181</b>

Currency: VND



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

The table below presents the book value of financial liabilities measured at amortized cost which are presented in the financial statements of the Corporation as at 31 December 2020 and 31 December 2019:

Currency: VND

	Book value		Fair value	
	Ending balance	Beginning balance (restated)	Ending balance	Beginning balance (restated)
<b>Financial liabilities measured at amortized cost</b>				
- Insurance payables	970,465,449,640	719,823,668,759	970,465,449,640	719,823,668,759
- Technical reserves	2,985,432,548,911	2,295,952,919,208	2,985,432,548,911	2,295,952,919,208
- Other short-term receivables	38,665,481,074	47,388,820,880	38,665,481,074	47,388,820,880
	<b>3,994,563,479,625</b>	<b>3,063,165,408,847</b>	<b>3,994,563,479,625</b>	<b>3,063,165,408,847</b>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair values:

- ▶ Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- ▶ Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Corporation based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2020, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- ▶ With capital investments without an active market, fair value is determined by using appropriate valuation methods. These methods include: discounting cash flow, comparing with similar financial instruments which have market prices, net asset values and other relevant valuation models.
- ▶ For equity investments in other entities, provision is made if the investees are suffering from loss (except when such loss has been determined in their business plan prior to investment). Accordingly, provision is the difference between actual capital contribution and actual owners' equity multiply (x) percentage of ownership of the Corporation.
- ▶ If the fair value is not determinable, the carrying value has been shown under fair value column.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

### 38. CONTINGENT LIABILITIES

The Corporation has an on-going lawsuit with Binh Dinh Maritime Shipbuilding Industry JSC with claim requests amount of bVND 66.65 including the estimated portion of the Corporation to be liable to is bVND 64.6 after deducting the claim recovery from reinsurers. The effect of the mentioned lawsuit is only determined based on the final conclusion of the Court. As the final results are unidentifiable, The Corporation has not yet recognized any expenses and obligations related to this incident in the accompanying financial statements.

### 39. CORRESPONDING FIGURES

On 10 December 2020, as per the State Audit's inspection conclusion No.409/KTNN-TH based on the inspection result report at the Corporation for the year ended 31 December 2019, the Company has adjusted retrospectively to correct prior years' errors on certain items on the corresponding figures for the year ended 31 December 2019.

The main adjustments included:

- Balance sheet: trade receivables, reinsurance assets, reclassification from intangible fixed assets to investment properties and short-term liabilities.
- Income statement: insurance operating income, financial income, other income, general and administrative expenses, other expense and current corporate income tax expense.

Details are as below:

*Extracted from the balance sheet*

Currency: VND

Code	ITEMS	Beginning balance (previously stated)	Adjustment	Beginning balance (restated)
<b>100</b>	<b>A. CURRENT ASSETS</b>	<b>4,697,037,154,523</b>	<b>59,214,230,559</b>	<b>4,756,251,385,082</b>
<b>130</b>	<b>III. Short-term receivables</b>	<b>1,066,301,856,057</b>	<b>62,697,416,866</b>	<b>1,128,999,272,923</b>
131	1. Trade receivables	1,063,857,861,682	11,339,469,089	1,075,197,330,771
131.1	1.1. Insurance receivables	1,063,857,861,682	11,339,469,089	1,075,197,330,771
135	2. Other receivables	248,476,871,907	55,704,954,195	304,181,826,102
139	3. Provision for doubtful debts	(251,253,088,733)	(4,347,006,418)	(255,600,095,151)
<b>140</b>	<b>IV. Inventories</b>	<b>4,137,565,578</b>	<b>23,350,956</b>	<b>4,160,916,534</b>
141	1. Inventories	4,137,565,578	23,350,956	4,160,916,534
<b>190</b>	<b>VI. Reinsurance assets</b>	<b>967,766,229,525</b>	<b>(3,506,537,263)</b>	<b>964,259,692,262</b>
192	2. Reinsurance ceded claim reserve	623,587,348,928	(3,506,537,263)	620,080,811,665

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

39. CORRESPONDING FIGURES (continued)

*Extracted from the balance sheet (continued)*

Currency: VND

Code	ITEMS	Beginning balance (previously stated)	Adjustment	Beginning balance (restated)
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>	<b>983,492,221,906</b>	<b>(839,608,480)</b>	<b>982,652,613,426</b>
<b>220</b>	<b>II. Fixed assets</b>	<b>399,453,456,237</b>	<b>(95,110,836,974)</b>	<b>304,342,619,263</b>
221	1. Tangible fixed assets	93,302,838,881	(94,400,611)	93,208,438,270
222	Costs	234,415,514,697	(289,999,727)	234,125,514,970
223	Accumulated depreciation	(141,112,675,816)	195,599,116	(140,917,076,700)
227	2. Intangible assets	293,669,697,901	(95,016,436,363)	198,653,261,538
228	Costs	377,645,266,754	(94,705,527,273)	282,939,739,481
229	Accumulated amortization	(83,975,568,853)	(310,909,090)	(84,286,477,943)
<b>240</b>	<b>III. Investment properties</b>	<b>67,777,779,747</b>	<b>95,032,800,000</b>	<b>162,810,579,747</b>
241	1. Costs	86,216,068,013	95,032,800,000	181,248,868,013
<b>260</b>	<b>V. Other long-term assets</b>	<b>36,209,694,436</b>	<b>(761,571,506)</b>	<b>35,448,122,930</b>
261	1. Prepaid expenses	25,850,590,474	(761,571,506)	25,089,018,968
<b>270</b>	<b>TOTAL ASSETS</b>	<b>5,680,529,376,429</b>	<b>58,374,622,079</b>	<b>5,738,903,998,508</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

## 39. CORRESPONDING FIGURES (continued)

*Extracted from the balance sheet* (continued)

Currency: VND

Code	ITEMS	Beginning balance (previously stated)	Adjustment	Beginning balance (restated)
<b>300</b>	<b>C. LIABILITIES</b>	<b>3,411,951,281,473</b>	<b>31,833,423,959</b>	<b>3,443,784,705,432</b>
<b>310</b>	<b>II. Short-term liabilities</b>	<b>3,411,653,412,743</b>	<b>31,833,423,959</b>	<b>3,443,486,836,702</b>
312	1. Trade payables	686,165,767,903	33,657,900,856	719,823,668,759
312.1	1.1. Insurance payables	686,165,767,903	33,657,900,856	719,823,668,759
314	2. Statutory obligations	42,887,379,046	9,128,524,425	52,015,903,471
318	4. Short-term unearned revenue	20,128,194,560	3,926,376,712	24,054,571,272
319	6. Other short-term payables	48,307,298,346	(918,477,466)	47,388,820,880
329	8. Technical reserves	2,309,913,819,776	(13,960,900,568)	2,295,952,919,208
329.2	8.2. Direct and reinsurance assumed claim reserve	889,942,154,646	(13,960,900,568)	875,981,254,078
<b>400</b>	<b>D. OWNERS' EQUITY</b>	<b>2,268,578,094,956</b>	<b>26,541,198,120</b>	<b>2,295,119,293,076</b>
<b>410</b>	<b>I. Owners' equity</b>	<b>2,268,578,094,956</b>	<b>26,541,198,120</b>	<b>2,295,119,293,076</b>
421	5. Retained earnings	260,654,829,268	26,541,198,120	287,196,027,388
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>5,680,529,376,429</b>	<b>58,374,622,079</b>	<b>5,738,903,998,508</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

39. CORRESPONDING FIGURES (continued)

*Extracted from the comprehensive income statement*

Currency: VND

Code	ITEMS	Previous year (previously stated)	Adjustment	Previous year (restated)
10	1. Total insurance operating income	3,429,798,399,897	6,783,575,346	3,436,581,975,243
12	3. Finance incomes	204,978,022,623	59,111,890	205,037,134,513
13	4. Other incomes	7,579,751,099	4,171,118,248	11,750,869,347
20	5. Total insurance operating expenses	(3,223,083,847,084)	24,818,293,383	(3,198,265,553,701)
23	8. General and administrative expenses	(121,246,951,936)	(2,450,927,204)	(123,697,879,140)
24	9. Other expenses	(4,954,692,931)	10,478,715	(4,944,214,216)
50	10. Profit before Corporate income tax (50=10+12+13+20+22+23+24)	220,631,006,985	33,391,650,378	254,022,657,363
51	11. Current corporate income tax expenses	(42,886,447,352)	(6,850,452,258)	(49,736,899,610)
60	13. Net profit for the year after corporate income tax (60=50+51+52)	181,339,031,756	26,541,198,120	207,880,229,876

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

39. CORRESPONDING FIGURES (continued)

*Extracted from the income statement*

Currency: VND

Code	ITEMS	Previous year (previously stated)	Adjustment	Previous year (restated)
01	<b>1. Insurance premium income</b> (01 = 01.1 + 01.2 + 01.3)	<b>4,342,023,510,859</b>	<b>6,783,575,346</b>	<b>4,348,807,086,205</b>
	<i>In which:</i>			
01.1	- Direct written premium	3,874,338,485,377	6,783,575,346	3,881,122,060,723
03	<b>3. Net insurance premium</b> (03 = 01 + 02)	<b>3,244,152,337,002</b>	<b>6,783,575,346</b>	<b>3,250,935,912,348</b>
10	<b>5. Total operating revenues</b> (10 = 03 + 04)	<b>3,429,798,399,897</b>	<b>6,783,575,346</b>	<b>3,436,581,975,243</b>
11	<b>6. Claim expenses</b> (11 = 11.1 + 11.2)	<b>(1,697,870,040,326)</b>	<b>23,619,751,307</b>	<b>(1,674,250,289,019)</b>
	<i>In which:</i>			
11.1	- Claim expenses	(1,726,030,284,366)	387,667,637	(1,725,642,616,729)
11.2	- Deductions (third party recoveries and salvages)	28,160,244,040	23,232,083,670	51,392,327,710
12	<b>7. Recoveries from reinsurance ceded</b>	<b>468,063,814,525</b>	<b>(182,381,552)</b>	<b>467,881,432,973</b>
13	<b>8. (Increase)/Decrease in direct and assumed claim reserve</b>	<b>(29,585,467,660)</b>	<b>13,960,900,568</b>	<b>(15,624,567,092)</b>
14	<b>9. Increase/(Decrease) in ceded claim reserve</b>	<b>4,906,788,556</b>	<b>(3,506,537,263)</b>	<b>1,400,251,293</b>
15	<b>10. Total claim expenses</b> (15 = 11 + 12 + 13 + 14)	<b>(1,254,484,904,905)</b>	<b>33,891,733,060</b>	<b>(1,220,593,171,845)</b>
17	<b>12. Other operating expenses</b> (17 = 17.1 + 17.2)	<b>(1,955,159,073,490)</b>	<b>(9,073,439,677)</b>	<b>(1,964,232,513,167)</b>
	<i>In which:</i>			
17.1	- Commission expenses	(609,910,219,040)	(669,377,414)	(610,579,596,454)
17.2	- Other expenses from insurance activities	(1,345,248,854,450)	(8,404,062,263)	(1,353,652,916,713)

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

**39. CORRESPONDING FIGURES** (continued)

*Extracted from the income statement* (continued)

Currency: VND

Code	ITEMS	Previous year (previously stated)	Adjustment	Previous year (restated)
18	<b>13. Total direct operating expenses</b> (18 = 15 + 16 + 17)	<b>(3,223,083,847,084)</b>	<b>24,818,293,383</b>	<b>(3,198,265,553,701)</b>
19	<b>14. Gross insurance operating profit</b> (19 = 10 + 18)	<b>206,714,552,813</b>	<b>31,601,868,729</b>	<b>238,316,421,542</b>
23	18. Finance income	204,978,022,623	59,111,890	205,037,134,513
25	<b>20. Profit from financial activities</b> (25 = 23 + 24)	<b>126,369,434,470</b>	<b>59,111,890</b>	<b>126,428,546,360</b>
26	<b>21. General and administrative expenses</b>	<b>(121,246,951,936)</b>	<b>(2,450,927,204)</b>	<b>(123,697,879,140)</b>
30	<b>22. Net operating income</b> (30 = 19 + 22 + 25 + 26)	<b>218,005,948,817</b>	<b>29,210,053,415</b>	<b>247,216,002,232</b>
31	23. Other income	7,579,751,099	4,171,118,248	11,750,869,347
32	24. Other expenses	(4,954,692,931)	10,478,715	(4,944,214,216)
40	<b>25. Other profit</b> (40 = 31 + 32)	<b>2,625,058,168</b>	<b>4,181,596,963</b>	<b>6,806,655,131</b>
50	<b>26. Profit before corporate income tax</b> (50 = 30 + 40)	<b>220,631,006,985</b>	<b>33,391,650,378</b>	<b>254,022,657,363</b>
51	<b>27. Current corporate income tax expenses</b>	<b>(42,886,447,352)</b>	<b>(6,850,452,258)</b>	<b>(49,736,899,610)</b>
60	<b>29. Profit after corporate income tax</b> (60 = 50 + 51 + 52)	<b>181,339,031,756</b>	<b>26,541,198,120</b>	<b>207,880,229,876</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2020

### 39. CORRESPONDING FIGURES (continued)

*Extracted from the cash flow*

Currency: VND

Code	ITEMS	Previous year (previously stated)	Adjustment	Previous year (restated)
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Net profit before tax</b>	<b>220,631,006,985</b>	<b>33,391,650,378</b>	<b>254,022,657,363</b>
	Adjustments for:			
02	Depreciation of tangible fixed assets and investment properties and amortization of intangible assets	19,025,146,147	115,309,974	19,140,456,121
03	Provisions/(reversal of provision)	150,120,780,377	(6,107,356,887)	144,013,423,490
05	Profits from investment activities and other activities	(191,219,860,808)	(59,111,890)	(191,278,972,698)
08	<b>Operating profit/(loss) before changes in working capital</b>	<b>201,043,801,947</b>	<b>27,340,491,575</b>	<b>228,384,293,522</b>
09	Increase in receivables	40,230,798,689	(66,985,311,394)	(26,754,512,705)
10	Increase in inventories	117,216,344	(23,350,956)	93,865,388
11	Increase in payables	73,095,005,524	38,906,599,269	112,001,604,793
12	Decrease in prepaid expenses	(46,776,417,817)	761,571,506	(46,014,846,311)

### 40. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.



Ms. Ho Le Thuy  
Preparer





Mr. Sai Van Hung  
Chief Accountant

Mr. Vu Anh Tuan  
Chief Executive Officer

Ho Chi Minh City, Viet Nam

31 March 2021