

To Be a **Good Company**



TOKIO MARINE
INSURANCE GROUP

2020 ANNUAL REPORT

Tokio Marine Insurance Vietnam

Tokio Marine
Insurance Vietnam Co., Ltd.

A member of the
Tokio Marine Group

CONTENTS

Message from General Director	3
New corporate brand identity	5
History	6
Corporate Profile	7
Management Team	8
Products & Services	10
Financial Highlights	15
Corporate Social Responsibility	16
Audited Financial Statements	18
<i>General Information</i>	
<i>Balance sheet</i>	
<i>Income statement</i>	
<i>Cash flow statement</i>	
<i>Notes to the financial statements</i>	



MESSAGE FROM GENERAL DIRECTOR

2020 was a very special year, not only for us but also everybody in all of the world. When I review year 2020, the following events came into my mind for our company.

Firstly, COVID-19. 2020 would be remembered as the year of COVID-19. As the pandemic rocked the world with full force, it caused an unprecedented public crisis on a large scale. The toll it has taken on human life globally and heavily is so heartbreaking, while it has also caused the largest economic downturn for decades.

In Vietnam, the local government has taken prompt, proactive and decisive steps on all fronts to respond and control the pandemic outbreak. Thanks to those strategies and actions, Vietnam's economy still maintained positive growth with GDP at the end of 2020 increasing by 2.9%. This was a significant achievement in the context of global economy recession with the growth of major economies in the world as well as Asia falling deeply.

From the very beginning of the pandemic, the priority of our company was focused on two points which are safety of our own employees and security of our clients. I am proud to share that we have tried our best to fulfil it. Thanks to efficient corporate risk management policy with comprehensive Business Continuity Plan (BCP), we have successfully implemented Work-From-Home (WFH) program with standardized work procedures as well as necessary facilities, empowering staffs to stay safe and connected to ensure the maintenance of high quality service. It was challenging at the first-wave stage but now we are adapting to a seamless flexible WFH solution at any critical time so far.



Further more, we also implemented different activities to deliver support to our clients in time of need. Our marketing forces quickly delivered 350 boxes of face masks and 670 hand sanitizer bottles to clients during the pandemic period, which was highly appreciated by our clients. Besides, we sent updates to our clients regarding pandemic situation and shared BCP guideline to support clients pro-actively to develop appropriate risk prevention solutions.

Secondly, our name and logo change. 2020 has been engraved as a memorial year when corporate name and brand identity was changed from "Bao Viet Tokio Marine Insurance Co. Ltd." to "Tokio Marine Insurance Vietnam Co. Ltd." Pushing up the Tokio Marine brand is a commitment to a high standard quality in terms of all kinds of insurance products and services. We believe our strength is "Japan Quality", which Tokio Marine has been striving to deliver to our stakeholders all over the world for the past over 140 years. As a result, the new corporate name and brand identity will definitely help our company to be recognised as the best quality insurance provider and trusted risk solution partner in Vietnam.

As for our company performance in 2020, even though there were a kind of negative impact to our business, we were able to overcome challenges of such pandemic impact and achieve positive business result. At the end of fiscal year 2020, our total Gross Written Premium reached VND 740 billion, equivalent to 106.4% of 2019 result. At the same time, Underwriting Profit and Profit before Tax results were equivalent to 128% and 123% compared to 2019 figures respectively, which were also exceeding our annual business target. Taking this opportunity, we would like to convey our sincere appreciation to all of our stakeholders, such as customers, brokers/agents, vendors, and so on.

During 2020, we have been making an effort to pursue the endless journey "To be a Good Company in Vietnam" by delivering positive values for the benefit of local community. We have continued implementing

the project “Helmets for students” to help local young generation enhance traffic safety practices and mindset. Over 2,100 high quality helmets were delivered to high school students in Binh Dinh province, Central Vietnam along with encouraging scholarships to disadvantaged students.

Finally, I would like to highlight that we have changed our Mission, Vision, Core Value as below, in order to reflect our recent activity more clearly. The keywords are “Quality” in the Mission, and “Trust” in the Vision, by those we would like to contribute to make Vietnamese society better.

In fact, these are volatile, uncertain and complex times under the impact of Covid-19. Despite this, the mission of Tokio Marine Insurance Vietnam to deliver safety and security to clients, partners and society stays unchanged. We will continue to seize the opportunities that arise from changes by leveraging our strengths as well as Tokio Marine Group synergies to enhance real Japan Quality service with innovative business solutions to clients’ needs. Also, we are heading towards a special milestone of 25th anniversary in our sustainable development in 2021. We are working hard to be prepared for new opportunities and welcome the remarkable anniversary in our endless journey of trust in Vietnam.

Thank you for your continued support, and look forward to our joint path ahead.

MISSION - VISION - CORE VALUES



MISSION

Through the provision of the highest quality products and services, Tokio Marine Insurance Vietnam aims to deliver safety and security to all our customers, and contribute to the development of Vietnam society based on trust.



VISION

We, Tokio Marine Insurance Vietnam strives to be selected by our valued customers and partners as a Best Quality insurance company in Vietnam.



CORE VALUES

Customer Oriented

- Set customer trust as the foundation for all our activities
- Stand on the customer’s side
- Be innovative to customer’s needs

Teamworking

- Respect our people
- Enhance effective communication and collaboration
- Maximize our ability as one team

Professionalism

- Pursue our quality all the time
- Be compliant and do the right things
- Be responsible with strong commitment

Social Responsibility

- Be a good cooperate citizen in Vietnam
- Contribute to the development of Vietnamese society



Mr. Hideaki Maeomote
General Director

NEW CORPORATE IDENTITY

The company has officially changed its corporate name and brand identity from “Bao Viet Tokio Marine Insurance Co. Ltd.” to “Tokio Marine Insurance Vietnam Co. Ltd.” since August, 2020. This strategic change is aimed at strengthening the brand position as the best Japan quality insurance service provider in Vietnam. With determination to become a trusted partner of domestic and foreign clients, Tokio Marine Insurance Vietnam will continuously improve service quality, diversify insurance products and provide effective risk management solutions to meet the diverse needs of clients.



Corporate name: TOKIO MARINE INSURANCE VIETNAM CO. LTD.

Abbreviation name:

- **Short** **TMIV**
- **Long** **TOKIO MARINE INSURANCE VIETNAM**

Corporate logo



TOKIO MARINE
INSURANCE GROUP



TOKIO MARINE
INSURANCE GROUP

The Tokio Marine brand is recognizable in global Insurance industry, symbolizing the group’s integrity, high standards and security.

The dynamic helicoid-shaped figure represents innovation and creativity to anticipate the future, while gently embracing and supporting our customers and the earth.

To the logo, a gold color, symbolizes the preciousness of humankind and the earth. Blue is applied to the helicoid-shaped figure, conveying such meanings as intelligence, cleverness, affinity, and the future.

This logo expresses Tokio Marine’s wish to prosper and grow on a global scale, together with our customers. In the same way, the brand has been built up and continue being fostered in Vietnamese market for the past over 20 years with commitment of Japan Quality.

HISTORY

Vietnam International Assurance Company (VIA) was established by 3 shareholders: Bao Viet (51%), Commercial Union (24.5%) and Tokio Marine (24.5%), being the very first insurer with foreign investment in Vietnam. The Company had the legal capital of USD 6,000,000 and was based in Ho Chi Minh City

10 PEOPLE

05 AUG
1996

19 DEC
1997

Hanoi Branch Office was established and started market penetration in the North of Vietnam

The Chartered capital was VND 300,000,000,000. The Company acquired full business license to provide insurance services to all clients in Vietnam

76 PEOPLE

14 JAN
2009

09 JAN
2002

Tokio Marine Asia purchased the shares of Commercial Union. Since then, the capital ratio has been 49% from Tokio Marine Asia and 51% from Bao Viet Holdings

18 PEOPLE

A Representative Office was established in Da Nang

76 PEOPLE

25 MAY
2009

04 SEP
2009

Head Office was relocated to Hanoi

76 PEOPLE

A Representative Office was established in Hai Phong

91 PEOPLE

24 APR
2012

10 SEP
2010

Vietnam International Assurance Company was renamed to "Baoviet Tokio Marine Insurance Joint Venture Company

79 PEOPLE

The company has changed its name from Bao Viet Tokio Marine Insurance Joint Venture Company into Bao Viet Tokio Marine Insurance Company Limited

99 PEOPLE

01 JULY
2013

08 JULY
2016

Tokio Marine increased share in BVTM from 49% to 51%.

115 PEOPLE

25TH ANNIVERSARY OF
ESTABLISHMENT

2021

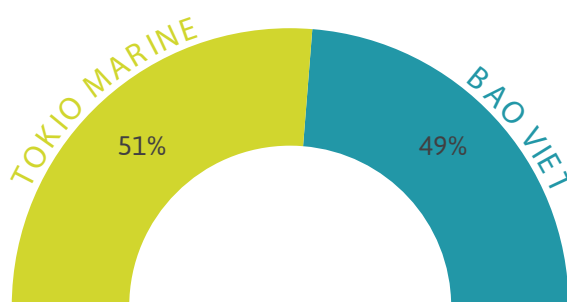
2020
20 AUG

The company had its corporate name and brand identity changed. The name was changed from "Bao Viet Tokio Marine Insurance Co. Ltd." to "Tokio Marine Insurance Vietnam Co. Ltd."

138 PEOPLE

CORPORATE PROFILE

Name	TOKIO MARINE INSURANCE VIETNAM COMPANY LIMITED
Establishment	1996
Address	
• Head Office	Room 601, 6th Floor, Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi, Vietnam
• Branch Office	14th Floor, Lim Tower 3, 29A Nguyen Dinh Chieu, Da Kao Ward, Dist. 1, Ho Chi Minh City, Vietnam
• Rep. Office	Da Nang: Room 503, 5th Floor, Thanh Loi Building, 135 Nguyen Van Linh, Thanh Khe Dist., Danang City Hai Phong: Lot B2, 2nd Floor, Harbor View Building, 12 Tran Phu, Ngo Quyen, Hai Phong, Vietnam
Members' Council	
• Chairman	Mr. Nguyen Quang Phi
• Members	Mr. Shinkichi Mike Miki - Vice Chairman Mr. Hideaki Maeomote - MC Member and General Director Mr. Doan Viet Trang - MC Member Ms. Tran Thi Thu Thuy - MC Member Ms. Noriko Kojima - MC Member
Charter capital	VND 300,000,000,000
Capital Contributors	
Tokio Marine Asia Pte. Ltd	51%
Bao Viet Holdings	49%



- Tokio Marine Asia Pte. Ltd, the Asia – Pacific Regional Head Quarter of Tokio Marine Holdings – a top-tier global insurance group in Japan with overseas offices located in 486 cities in 39 countries and more than 33,829 employees.

- Bao Viet Holdings (BVH), one of the leading and longest serving financial insurance group in Vietnam with over 168 branches, over 700 transaction offices in 63 cities & provinces in Vietnam and more than 6,000 employees and 45,000 agents nationwide.

MEMBERS' COUNCIL



Mr. Nguyen Quang Phi
Chairman



Mr. Shinkichi Mike Miki
Vice Chairman



Mr. Hideaki Maeomote
MC Member



Mr. Doan Viet Trang
MC Member



Ms. Tran Thi Thu Thuy
MC Member



Ms. Noriko Kojima
MC Member

MANAGEMENT TEAM



Mr. Hideaki Maeomote
General Director



Ms Duong Thi Thanh Toan
Deputy General Director



Mr. Isao Kotegawa
HCM Branch Director



Mr. Dam Trung Kien
General Manager



Mr. Teppei Ishihara
General Manager



Ms. Nguyen Thi Phuong Anh
General Manager



Ms. Pham Thu Trang
Chief Accountant

PRODUCTS & SERVICES

PRODUCTS



MARINE CARGO INSURANCE

More than 100 years of experience in Marine Cargo insurance of Tokio Marine Group enables us to perfectly understand your needs and design our Marine Cargo Insurance product, basing on standard Institute Cargo Clauses (A), (B) or (C), to best protect your cargo against physical losses, expenses and damages during transit, including but not limited to following special features:

- Stock throughput policy
- Designated worldwide master policy for Multinational transport cargo

On the other hand, the broad network of as many as 250 Claims Setting Agents throughout the world of Tokio Marine Group allows us to provide response quickly and effectively when your goods suffer loss or damage



ENGINEERING INSURANCE

Mechanical and electrical contracts for the construction of buildings, towers, erectors of platforms, etc. are complex projects and exposed to accidental or unforeseen loss, damage or liability during the construction or erection period, as well as equipment and electronic damage or loss. A suitable insurance cover should provide the peace of mind to the owner of the project as well as to the contractor. You can rely on our Innovative and Comprehensive Engineering Protection which is categorized into two branches:

- Project Engineering:
 - Construction All Risks Insurance
 - Erection All Risks Insurance
- Non Project Engineering:
 - Machinery Breakdown Insurance
 - Electronic Equipment Insurance
 - Others

Tailor-made policies can be designed to meet your specific demands.



PROPERTY INSURANCE

We write property insurance for a wide range of customers, from smaller business owners to large corporations to provide your business with the comprehensive insurance coverage from property's damage as well as any business interruption loss caused by fire, natural disaster, or other damage with sudden occurrence.

With a broad suite of products in the insurance industry, a team of experiment risk engineering, property underwriting and claims professionals and our property solution, we are committed to helping you prevent loss and recovery quickly and manage property risks confidently and effectively.



MOTOR INSURANCE

With our insurance policy, your vehicles will receive the comprehensive protection including the physical damage, third party liability and also the personal accident for the motorists due to any accidents that they might cause or be involved in. Buying insurance means You will not be worry about the risks like an accident, fire which suffer and cause an injury or death. In additional, we also offer you the broader coverage with the best benefits:

- Partial Theft Coverage
- Damaged vehicles to be repaired at Authorised Nominated Garage
- Water Damage Coverage
- Car Substitution Expense while your car is kept by
- The police for accident investigation



PERSONAL ACCIDENT INSURANCE

In daily life, an accident could be just around the corner and could come at the most unexpected time. You can minimize these unforeseen events by choosing the suitable insurance coverage from our Personal Insurance products. This will ensure you and your family members, your employees, etc. to have the best protection against the unfortunate accident.

The coverage can be included all cases of injury caused by accident for:

- Death or Permanent Disablement
- Temporary Disablement
- Medical Expenses



LIABILITY INSURANCE

Since the liability insurance has become increasingly popular with an increasing number of liability lawsuits being filed ever year, we have developed our Liability Insurance to provide important coverage that organizations need in today's challenging times. This policy shall indemnify you in respect of your legal liability to someone who suffers:

- Bodily injury
- Loss of or damage to property

We will pay the amount of any court award or reasonable negotiated "out of court" settlement plus costs and expenses arising in connection with the claim and other expenses which have been incurred.

Besides, the Company has also developed "Premise pollution liability insurance" which is to offer organizations against various premise-based risks.



WORKERS' COMPENSATION INSURANCE

Almost every company from small size with a few loyal employees to large chains with many employees at any level, workers' compensation insurance is always necessary. This insurance does not only provide the compensation to your staff but also protect you, the employer, from the legal liability against your employee benefits. For this reason, our Workers' Compensation Insurance is designed to indemnify for death or disability arising from the bodily injury caused by accident or disease in the course of employment. In additional, we help you reduce your workers' compensation costs by providing the Safety Training for the employees and keep the indemnification costs in line with the best practices for growing your workforce.



WELLCARE INSURANCE

Insurance for company's employees & their family

Wellcare is a family-friendly health insurance package specially developed by Bao Viet Tokio Marine with medical assistance offered by Wellbe - a company with many years of experience in medical support services for Japanese in Vietnam.

The package offers sound protection and contributes to employees and their families' physical, emotional and financial well-being with below major benefits:

- Health counselling service provided by Wellbe from 9:30 to 17:00 weekdays
- Incentives to register for Wellbe periodic health check-up at associated private clinics
- Report on hospitalization status
- Four different flexible insurance package options



TRAVEL MATE INSURANCE

The product is developed to provide a comprehensive protection to our clients traveling abroad for various purposes like business, holidays, study...No matter what type of travel you may take, our travel mate insurance ensures you a safe and secured trip with a lot of benefits including wide coverage, flexible premium packages and 24hour support call center which offers clients support at any time in any case worldwide.

Our Travel Mate product offers below types of coverage:

- Personal Accident;
- Medical Expenses;
- Travel Assistance;
- Other Extensions;



TRADE CREDIT INSURANCE

Since the liability insurance has become increasingly popular with an increasing number of liability lawsuits being filed ever year, we have developed our Liability Insurance to provide important coverage that organizations need in today's challenging times. This policy shall indemnify you in respect of your legal liability to someone who suffers:

- Bodily injury
- Loss of or damage to property

We will pay the amount of any court award or reasonable negotiated "out of court" settlement plus costs and expenses arising in connection with the claim and other expenses which have been incurred.

Besides, the Company has also developed "Premise pollution liability insurance" which is to offer organizations against various premise-based risks.



SPECIALTY INSURANCE

Responding to new risk exposures in the increasingly fluctuating world of business nowadays, we also developed new insurance products to protect our clients of all sizes in various industries. For the past two years, there are several packages of specialized insurance designed to meet our clients' arising demand:

Directors & Officers Liability

D&O insurance protects personal assets and liability of directors, officers and senior personnel against claims arising from wrongful acts or decisions made in their business capacity, including but not limited to:

- Accounting irregularities
- Mergers and acquisitions
- Insolvency-related proceedings (wrongful trading/disqualification)
- Employment-related claims
- Corporate manslaughter/breaches of health and safety legislation
- Environment liability
- Breaches of competition law

Cyber Security Insurance

Our cyber insurance is designed to protect companies that may face different kinds of risks including but not limited to computer attacks, operational errors, network outages or data breaches...Coverage may include both third party liability such as failure to properly handle, manage, store or destroy data; transmission of a virus; defamation or first party liability such as notification costs; data breach, forensic, security and crisis management services.

"Bankers Blanket Bond and Electronic Computer Crime" Insurance

The BBB & ECC is a protection for financial organizations against any losses incurred as a direct result of fraud, theft, forgery of employee or changes to the Computer System, electronic data, and fax machines with fraudulent purposes that result in financial loss of the Assured.



LOAN PROTECTION INSURANCE

Loan Protection Insurance for Borrowers will provide insurance coverage for individual borrower who obtains loans from Financial institutions. In the event the Borrower as the Insured suffers a death, total permanent disablement due to an accident, illnesses or disease before the loan is fully paid, the company shall, on behalf of the Insured, reimburse the Financial Institution for the Outstanding loan amount.

Major insurance coverage:

- a. Death, Total Permanent Disability due to accident
- b. Death, Total Permanent disability due to Illness, Disease or Pregnancy complication
- c. Missing due to Accident

Besides, the Company will cover for additional benefits as below:

- a. Partial Permanent Disability
- b. Waiver of the waiting period for Special Diseases



MISCELLANEOUS INSURANCE

Other than our main insurance products, many different types of insurance now are available in our Miscellaneous Insurance category which gives you an additional security to your existing insurance. Miscellaneous Insurance provides the diversified coverage such as:

- Office Multi Risk Insurance,
- Money Insurance,
- Fidelity Insurance,
- Golfer Insurance,
- etc.





SERVICES

The company has a Specialized Risk Engineering Team for property risk. This team is fully backed up and supported by Risk Engineering Service of Tokio Marine Asia Pte. Ltd. Apart from risk assessment service, the team also offers Loss Control Report for the Insureds both in English or Vietnam languages.

Safety Training course will be operated by Safety Engineers, who have experience safety management in various fields including hands-on experience with chemical industry, paint manufacturing, food industry, pharmaceutical, steel manufacturing, furniture manufacturing and semi-conductor & electronics industries.



RISK SURVEY

As an added-value service, we regularly conduct risk surveys to help our customers identify risk exposures that may exist in their premises, whereby giving appropriate recommendations for the loss prevention and mitigation purpose.



SAFETY TRAINING

The purpose of the basic safety courses is to increase safety awareness for everyone working in your factory of the various existing on-site hazards, and how to recognize and avoid them.



LOSS PREVENTION TRAINING/SEMINARS

The purpose of Loss Prevention seminars is to enhance the awareness of property loss prevention within an organization and to provide assistance to the insured in achieving risk improvement.



FINANCIAL HIGHLIGHTS

2020 RESULT

Financial results at the end of 2020 were relatively positive with major Key Performance Indicators achieving stable growth.

Total Gross Written Premium reached **VND 740 BILLION** which is equivalent to **106.4% of 2019** result and contributed to a sustainably upward trend over the past five years.

Thanks to efficient expense management, profitability was recorded at good result with Profit Before Tax achieving **VND 179 BILLION** which is equivalent to **123% of 2019** result.

KEY FIGURES

GWP

(Gross Written Premium)

Unit: VND

740
BILLION

↑↑ 106.4% vs 2019

UW Profit

(Underwriting Profit)

Unit: VND

122
BILLION

↑↑ 126% vs 2019

ROA*

(Return on Asset)

12.4%

*Profit before Tax/Total Assets

↑↑ 130% vs 2019

ROE**

(Return on Equity)

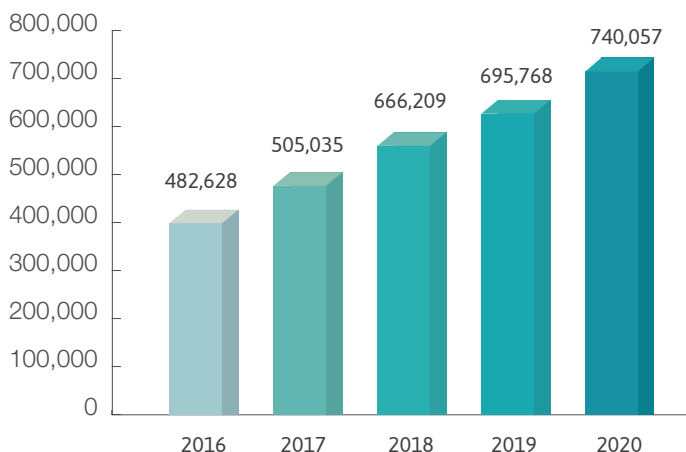
25.7%

**Profit after Tax/Total Equity

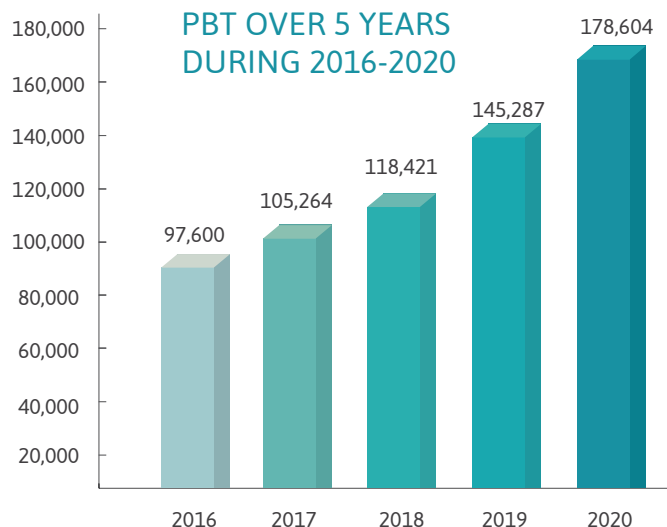
↑↑ 109% vs 2019

KEY MOVEMENT

GROSS WRITTEN PREMIUM OVER 5 YEARS DURING 2016-2020



PBT OVER 5 YEARS DURING 2016-2020



CORPORATE SOCIAL RESPONSIBILITY

To Be a Good Company



HELMET- FOR - STUDENT PROJECT

“Helmets for students” is the annual Corporate Social Responsibility (CSR) by the company in collaboration with National Traffic Safety Committee to contribute to the safety and security of local students when travelling by motorbikes. In 2020, the Company continued launching the program “Helmets for students” in Binh Dinh province, Central Vietnam with the message “Drive safe, Dream high”. Over 2,100 high-quality helmets were successfully delivered

to high school students in Phu Cat district, Binh Dinh province. In addition, 20 scholarships were delivered to disadvantaged students whose relatives are unfortunately victims of traffic accidents. Besides, the sharing activity themed “Traffic Safety” was also held at the school yard with enthusiastic participation by the students, which contributed to raising awareness and daily practices about traffic safety.



Over 2,000 helmets presented to students in Yen Bai province, Northern Vietnam



A sharing session to local students about traffic safety practice



Scholarships presented to students with good academic results whose parents being traffic-accident-victims



TOKIO MARINE INSURANCE VIETNAM COMPANY LIMITED

FINANCIAL STATEMENTS

General Information	<u>19</u>
Report of the Members' Council	<u>21</u>
Independent auditors' report	<u>22</u>
Balance sheet	<u>24</u>
Income statement	<u>27</u>
Cash flow statement	<u>30</u>
Notes to the financial statements	31

GENERAL INFORMATION

THE COMPANY

Tokio Marine Insurance Vietnam Company Limited (“The Company”), formerly a joint-venture between Bao Viet Holdings, Commercial Union Assurance Company Plc and Tokio Marine and Fire Insurance Co., Ltd. The Company was, previously known as “Baoviet Tokio Marine Insurance Company Limited” established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5 August 1996. According to amendment License No. 65/GPDC3/KDBH issued on 20 August 2020, The Company The Company's name was changed in to Tokio Marine Insurance Vietnam Company Limited. Establishment and Operation License No. 65/GP/KDBH was issued by the Ministry of Finance on 1 July 2013 and subsequent amendments as follows:

Amendment license No.	Date
65/GPDC1/KDBH	08 July 2016
65/GPDC2/LDBH	19 April 2018
65/GPDC3/KDBH	20 August 2020
65/GPDC4/KDBH	11 December 2020

Main activities of the Company are to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

The Company’s head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at Room 3, 19th Floor, Green Power Building, 35 Ton Duc Thang, District 1, Ho Chi Minh City.

MEMBERS’ COUNCIL

The members of Members’ Council during the year and at the date of this report are:

Mr. Nguyen Quang Phi	Chairperson	Appointed on 15 January 2019
Mr. Shinkichi Mike Miki	Vice Chairperson	Appointed on 01 April 2019
Ms. Noriko Kojima	Member	Appointed on 01 April 2019
Ms. Tran Thi Thu Thuy	Member	Appointed on 01 January 2020
Mr. Doan Viet Trang	Member	Appointed on 01 January 2020
Mr. Hideaki Maeomote	Member	Appointed on 20 April 2017

MANAGEMENT

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

Mr. Hideaki Maeomote	General Director	Appointed on 20 April 2017
Ms. Duong Thi Thanh Toan	Deputy General Director	Appointed on 01 January 2019
Ms. Pham Thu Trang	Chief Accountant	Appointed on 01 January 2017

LEGAL REPRESENTATIVE

The legal representative of the Company for the year ended 31 December 2020 and at the date of this report is Mr. Hideaki Maeomote, General Director of the Company.

AUDITORS

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

REPORT OF THE MEMBERS' COUNCIL

Members' Council of Tokio Marine Insurance Vietnam Company Limited ("the Company") is pleased to present its report and approve the financial statements for the year ended 31 December 2020.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management of the Company is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows for the year. In preparing those financial statements, the 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 Company will continue its business.

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company 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, the accounting guidance applicable to insurance companies and statutory requirements relevant to preparation and presentation of financial statements.

For and on behalf of the Members' Council:



Mr. Nguyễn Quang Phi
Chairperson

Hanoi, Vietnam
25 March 2021

INDEPENDENT AUDITORS' REPORT

To: The Members' Council

Tokio Marine Insurance Vietnam Company Limited

We have audited the accompanying financial statements of Tokio Marine Insurance Vietnam Company Limited ("the Company") as prepared on 25 March 2021 and set out on pages 24 to 76 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Company, 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 Company 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, the accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of financial statements.

Ernst & Young Vietnam Limited

Ernst & Young Vietnam Limited



Trinh Hoang Anh
Deputy General Director
Audit Practicing Registration Certificate No.
2071-2018-004-1

Hanoi, Vietnam
25 March 2021



Nguyen Van Trung
Auditor
Auditor Practicing Registration
Certificate No. 3847-2016-004-1

BALANCE SHEET

as at 31 December 2020

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,317,689,236,800	1,403,979,650,335
110	I. Cash and cash equivalents	4	19,615,187,964	1,467,300,809
111	1. Cash		19,615,187,964	11,467,300,809
120	II. Short-term investments	5	807,990,000,000	713,850,000,000
121	1. Trading securities		8,430,000,000	8,430,000,000
123	2. Held-to-maturity investments		799,560,000,000	705,420,000,000
130	III. Current account receivables	6	79,880,667,542	85,477,412,950
131	1. Short-term trade receivables		50,159,217,866	58,498,618,116
131.1	1.1. Insurance receivables		44,074,906,169	49,957,629,679
131.2	1.2. Other trade receivables		6,084,311,697	8,540,988,437
135	2. Other short-term receivables		29,905,781,066	27,342,287,915
139	3. Allowance for doubtful debts		(184,331,390)	(363,493,081)
140	IV. Inventories		52,146,545	-
141	1. Inventories		52,146,545	-
150	V. Other short-term assets	7	18,934,001,024	19,002,337,256
151	1. Prepaid expenses		18,185,830,583	18,357,750,554
151.1	1.1. Unallocated commission expense		16,114,108,821	14,805,458,353
151.2	1.2. Other prepaid expenses		2,071,721,762	3,552,292,201
152	2. Deductible VAT		748,170,441	644,586,702
190	VI. Reinsurance assets	16	391,217,233,725	574,182,599,320
191	1. Reinsurance assets from unearned premium reserve	16.1.1	180,091,262,300	200,554,915,500
192	2. Reinsurance assets from claim reserve	16.1.2	211,125,971,425	373,627,683,820

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		123,068,835,494	123,352,038,762
210	I. Long-term receivables		11,349,019,098	10,709,848,390
216	1. Other long-term receivables		11,349,019,098	10,709,848,390
216.1	1.1. Statutory deposit	8	8,638,125,000	8,666,250,000
216.2	1.2. Other long-term receivables		2,710,894,098	2,043,598,390
220	II. Fixed assets		3,447,810,208	2,274,103,452
221	1. Tangible fixed assets	9	3,152,072,124	2,061,801,358
222	Cost		8,951,060,302	8,673,271,552
223	Accumulated depreciation		(5,798,988,178)	(6,611,470,194)
227	2. Intangible fixed assets	10	295,738,084	212,302,094
228	Cost		5,509,644,344	5,293,594,344
229	Accumulated amortisation		(5,213,906,260)	(5,081,292,250)
250	III. Long-term investments	5	101,977,404,776	102,557,781,805
255	1. Held-to-maturity investments		101,977,404,776	102,557,781,805
260	IV. Other non-current assets		6,294,601,412	7,810,305,115
261	1. Long-term prepaid expense	11	6,294,601,412	7,810,305,115
270	TOTAL ASSETS		1,440,758,072,294	1,527,331,689,097

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. TOTAL LIABILITIES		888,897,343,602	1,032,441,607,490
310	I. Current liabilities		881,408,068,391	1,024,952,332,279
311	1. Trade payables	12	152,115,386,221	137,859,667,938
311.1	1.1. Insurance payables		142,223,350,512	127,758,725,259
311.2	1.2. Other trade payables		9,892,035,709	10,100,942,679
313	2. Tax and other statutory obligations	13	22,327,162,191	13,844,201,760
314	3. Payables to employees		21,312,369,880	17,656,118,166
318	4. Short-term deferred revenue		2,346,290,576	1,532,323,449
318.1	5. Un-earned commission revenue	14	35,778,531,358	34,315,081,082
319	6. Other short-term payables	15	176,439,683	170,985,648
322	7. Bonus and welfare funds		14,546,660,126	11,367,552,130
329	8. Technical reserves	16	632,805,228,356	808,206,402,106
329.1	8.1. Gross un-earned premium reserve	16.1.1	252,964,133,559	270,340,842,571
329.2	8.2. Gross claim reserve	16.1.2	305,520,336,901	471,439,849,797
329.3	8.3. Catastrophe reserve	16.2	74,320,757,896	66,425,709,738
330	II. Non-current liabilities		7,489,275,211	7,489,275,211
341	1. Deferred tax liability	27.3	7,489,275,211	7,489,275,211
400	B. OWNERS' EQUITY		551,860,728,692	494,890,081,607
410	I. Capital	17	551,860,728,692	494,890,081,607
411	1. Contributed chartered capital		300,000,000,000	300,000,000,000
417	2 Foreign exchange translation reserve		31,520,800,000	31,520,800,000
419	3. Statutory reserve		30,000,000,000	30,000,000,000
421	4. Undistributed earnings		190,339,928,692	133,369,281,607
421a	4.1. Accumulated undistributed profit of previous years		55,616,436,190	22,026,717,077
421b	4.2. Undistributed profit of current year		134,723,492,502	111,342,564,530
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,440,758,072,294	1,527,331,689,097

Ms. Pham Thu Trang
Chief Accountant

26 March 2021

Mr. Hideaki Maeomote
General Director

INCOME STATEMENT

PART I: COMPREHENSIVE INCOME STATEMENT

for the year ended 31 December 2020

Currency: VND

Code	ITEMS	Current year	Previous year
10	1. Total operating income	381,929,266,778	364,476,288,995
12	2. Finance income	59,858,924,647	50,861,065,861
13	3. Other income	705,409,091	36,316,314
20	4. Total direct operating expenses	147,460,523,096	165,768,789,847
22	5. Finance expense	4,117,079,628	2,891,936,507
23	6. General and administrative expenses	112,025,921,312	101,388,009,518
24	7. Other expenses	286,367,042	37,515,728
50	8. Profit before corporate income tax (50 = 10 + 12 + 13 - 20 - 22 - 23 - 24)	178,603,709,438	145,287,419,570
51	9. Current corporate income tax	36,789,506,804	28,084,720,066
52	10. Deferred income tax expense	-	-
60	11. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)	141,814,202,634	117,202,699,504

PART II: OPERATIONAL INCOME STATEMENT

for the year ended 31 December 2020

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
1	1. Insurance revenue (01 = 01.1 + 01.2 - 01.3)	18	757,433,764,574	676,591,652,934
	In which:			
1.1	Direct written premiums	18.1	683,314,582,737	643,853,669,353
1.2	Reinsurance premium assumed	18.2	56,742,472,825	51,914,449,481
1.3	(Decrease)/Increase in un-earned premium reserve	16.1	(17,376,709,012)	19,176,465,900
2	2. Reinsurance premium ceded (02 = 02.1 - 02.2)	19	497,352,436,813	413,358,955,235
	In which:			
2.1	Reinsurance premium ceded	19.1	476,888,783,613	430,716,112,346
2.2	(Decrease)/ Increase in ceded premium reserve	16.1	(20,463,653,200)	17,357,157,111
3	3. Net insurance premiums (03 = 01 - 02)		260,081,327,761	263,232,697,699
4	4. Commission on reinsurance ceded and other insurance income (04 = 04.1 + 04.2)	20	121,847,939,017	101,243,591,296
	In which:			
4.1	Commission on reinsurance ceded	20.1	107,210,049,137	87,632,747,095
4.2	Other income from insurance activities	20.2	14,637,889,880	13,610,844,201
10	5. Total net revenue from insurance business (10 = 03 + 04)		381,929,266,778	364,476,288,995
11	6. Claim expenses (11 = 11.1 - 11.2)		197,216,210,942	249,697,083,303
	In which:			
11.1	Claim expenses		225,599,135,252	255,681,008,111
11.2	Claim expense reductions		28,382,924,310	5,983,924,808
12	7. Recoveries from reinsurance ceded	21.3	116,832,181,373	159,489,951,662
13	8. Decrease in direct and assumed claim reserve	16.1	(165,919,512,896)	(118,702,331,171)
14	9. Decrease in ceded claim reserve	16.1	(162,501,712,395)	(130,548,338,217)

PART II: OPERATIONAL INCOME STATEMENT (continued)

for the year ended 31 December 2020

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
15	10. Net claim expenses (15 = 11 - 12 + 13 - 14)	21	76,966,229,068	102,053,138,687
16	11. Increase in catastrophe reserve	16.2	7,895,048,158	7,951,560,195
17	12. Other operating expenses (17 = 17.1 + 17.2)		62,599,245,870	55,764,090,965
	In which:			
17.1	Commission expense	7	51,544,370,292	43,722,277,543
17.2	Other underwriting expenses	22	11,054,875,578	12,041,813,422
18	13. Total direct operating expenses (18 = 15 + 16 + 17)		147,460,523,096	165,768,789,847
19	14. Gross insurance operating profit (19 = 10 - 18)		234,468,743,682	198,707,499,148
23	15. Finance income	23	59,858,924,647	50,861,065,861
24	16. Finance expense	24	4,117,079,628	2,891,936,507
25	17. Profit from financial activities (25 = 23 - 24)		55,741,845,019	47,969,129,354
26	18. General and administrative expenses	25	112,025,921,312	101,388,009,518
30	19. Net operating income (30 = 19 + 25 - 26)		178,184,667,389	145,288,618,984
31	20. Other income	26	705,409,091	36,316,314
32	21. Other expenses	26	286,367,042	37,515,728
40	22. Net other profit/(loss) (40 = 31 - 32)		419,042,049	(1,199,414)
50	23. Profit before corporate income tax (50 = 30 + 40)		178,603,709,438	145,287,419,570
51	24. Current corporate income tax	27	36,789,506,804	28,084,720,066
52	25. Deferred income tax expense	27	-	-
60	26. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)		141,814,202,634	117,202,699,504



Ms. Pham Thu Trang
Chief Accountant



Mr. Hideaki Maeomote
General Director

26 March 2021

CASH FLOW STATEMENT

for the year ended 31 December 2020

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1	Receipt from sale of goods and rendering of services		772,894,445,819	847,943,231,269
2	Payments to suppliers		(603,222,231,587)	(628,230,096,820)
3	Payment to employees		(70,593,980,206)	(63,053,250,603)
5	Payment of corporate income tax	13	(28,292,766,048)	(28,039,474,104)
6	Receipts from other operating activities		133,290,165,528	66,061,017,740
7	Payment of other operating activities		(75,914,515,812)	(77,545,486,134)
20	Net cash inflows from operating activities		128,161,117,694	117,135,941,348
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Payment to purchase fixed assets and constructions		(2,803,079,200)	(34,012,000)
22	Receipts on disposals of fixed assets		775,900,000	-
23	Disbursement for loans and purchase of investment securities		(851,231,175,250)	(872,986,226,891)
24	Receipts from loans and sale of investment securities		764,068,069,726	778,798,871,233
27	Receipts from investment interest and dividends		46,811,955,550	62,101,979,983
30	Net cash flow used in investing activities		(42,378,329,174)	(32,119,387,675)
III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
36	Distributed profit paid		(77,636,683,513)	(88,967,022,171)
40	Net cash flow used in financial activities		(77,636,683,513)	(88,967,022,171)
50	Net change in cash and cash equivalents		8,146,105,007	(3,950,468,498)
60	Cash and cash equivalents at the beginning of the year	4	11,467,300,809	15,548,486,858
61	Impact of exchange rate fluctuation		1,782,148	(130,717,551)
70	Cash and cash equivalents at the end of the year	4	19,615,187,964	11,467,300,809



Ms. Pham Thu Trang
Chief Accountant

26 March 2020



Mr. Hideaki Maeomote
General Director

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION

Tokio Marine Insurance Vietnam Company Limited (“The Company”) was formerly a jointventure among Bao Viet Holdings, Commercial Union Assurance Company Plc and Tokio Marine and Fire Insurance Co., Ltd. The Company was previously known as “Baoviet Tokio Marine Insurance Company Limited” established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5 August 1996. According to amendment License No. 65/GPDC3/KDBH issued on 20 August 2020, The Company’s name changed in to Tokio Marine Insurance Vietnam Company Limited. Establishment and Operation License No. 65/GP/KDBH was issued by the Ministry of Finance on 1 July 2013 and subsequent amendments as follows:

Amendment license No.	Date
65/GPDC1/KDBH	08 July 2016
65/GPDC2/LDBH	19 April 2018
65/GPDC3/KDBH	20 August 2020
65/GPDC4/KDBH	11 December 2020

Main activities of the Company are to the provide general insurance products, reinsurance, investing activities, auxiliary insurance services (including insurance consultancy, insurance underwriting, actuarial services, loss survey, assistance with claim settlement) and other business operations that are in line with prevailing laws and regulations.

The Company's Head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at Room 3, 19th Floor, Green Power Building, 35 Ton Duc Thang, District 1, Ho Chi Minh City.

The charter capital of the Company as at 31 December 2020 is VND 300,000,000,000.

Total number of employees of the Company as at 31 December 2020 is 143 people (as at 31 December 2019: 133 people).

2. BASIS OF PREPARATION

2.1 Accounting standard and system

The financial statements of the Company, which are expressed in Vietnam Dong (VND), are prepared in accordance with the Vietnamese Accounting System for non-life insurance companies issued by the Ministry of Finance in Circular No. 232/2012/TT-BTC dated 28 December 2012 providing accounting guidance for non-life insurance, reinsurance and branch of foreign non-life insurance companies, Vietnamese Enterprise Accounting System, and 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 Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

Accordingly, the accompanying balance sheet, income statement, cash flow statement and related notes, including their utilization 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 Registered accounting documentation system

Company's applied accounting documentation system is the journal ledger system.

2.3 Fiscal year

The Company'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 VND which is also the Company's accounting currency.

2.5 Statement on the compliance with Vietnamese accounting standards and systems

Management of the Company confirms that the Company has complied with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Systems, the accounting guidance applicable to insurance companies and statutory requirements relevant to preparation and presentation of financial statements in the preparation of the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in preparation of the financial statement are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2019.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with an original maturity of three months or less which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Receivables

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the income statement.

For overdue receivables, the Company adopts the provision policy as promulgated by the Ministry of Finance in Circular No. 48/2019/TT-BTC dated 08 August 2019 (Circular 48). Details on the basis of provision are as follows:

Overdue receivables	Allowance rate
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%
From three (3) years	100%

3.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Expenditures for additions, improvements, and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement.

When tangible fixed assets are sold or liquidated, 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.

3.4 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the intangible fixed 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 intangible fixed assets are sold or liquidated, 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.

3.5 Depreciation and amortisation

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

Office equipment	3 - 7 years
Motor vehicles	6 - 10 years
Software	3 - 5 years

3.6 Prepaid expenses

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

3.7 Financial investments

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the financial statements and deducted against the value of such investments.

Provision for diminution in value investments

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases or decreases to the provision balance are recorded as finance expense in the income statement.

3.8 Payables and accruals

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

3.9 Severance allowance

3.9.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the regulated rate of employee basic salaries and allowances. The Company has no further obligation concerning post-employment benefits for its employees other than this.

3.9.2 Unemployment benefits

According to current regulations, employees contribute 1% of their salary, employer contributes 1% of salary of their employees participating in the unemployment insurance, and the Government contributes 1% of salary of all those participating in the unemployment insurance from the State budget. Vietnam Social Insurance Agency is responsible for the collection, distribution and management of the fund.

3.10 Technical reserves

The technical reserves include technical reserves for non-life insurance and technical reserve of health insurance.

The reserving methodologies are based on Circular No. 50/2017/TT-BTC dated 01 July 2017 issued by the Ministry of Finance ("Circular No. 50") as follows:

a) Technical reserves for non-life insurance

(i) Unearned premium reserve

The Company applied the daily basis to calculate unearned premium reserve for all types of insurance. The formula is as follow:

$$\text{Unearned premium reserve} = \frac{\text{Retained premiums} \times \text{Remaining days of insurance}}{\text{Number of coverage days}}$$

(ii) Claim reserves

Claim reserves include the reserve for outstanding claims and for claims incurred but not reported (“IBNR”).

- Outstanding claim reserve: to be set aside for each line of insurance according to estimates of indemnities for single covered loss have been reported or claimed but not yet resolved at the end of the fiscal year in accordance to Circular No. 50.
- Reserve for incurred but not reported claims for which the insurer is liable (“IBNR reserve”): is established based on the formula in Circular No. 50 as follows:

$$\begin{aligned} \text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} &= \frac{\text{Total indemnity for claims incurred but not reported as at the end of last 3 consecutive fiscal years}}{\text{Total indemnity for losses arising in the last 3 consecutive fiscal years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}} \end{aligned}$$

(iii) Catastrophe reserve

Catastrophe reserve is set aside annually for catastrophe in loss. In 2020, the catastrophe reserve ratio was 3% of net written premium. The balance of catastrophe reserve fund does not exceed 100% of net written premium (not including net premium of health and personal accident insurance) of the current fiscal year.

On 28 December 2005, the Ministry of Finance issued Decision 100/2005/QD-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 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 regarding financial regulations for insurance enterprises. The company still allocates catastrophe reserve on the financial statements for the financial year ended at 31 December 2020.

b) Technical reserve of health insurance

(i) Mathematical reserve

Mathematical reserve applies for insurance policies and reinsurance policies with a term of more than a year. Mathematical reserve is set aside as follows:

$$\text{Mathematical reserve} = \frac{\text{Retained premiums} \times \text{Remaining days of insurance policy}}{\text{Number of coverage days}}$$

As the period of all health insurance policies issued by the Company is maximum 1 year so the Company do not apply mathematical reserves.

(ii) Unearned premiums reserve

Regarding insurance policies with a term of less than or equal to 1 year. Unearned premiums reserve is set aside as follows:

$$\text{Unearned premium reserve} = \frac{\text{Retained premiums} \times \text{Remaining days of insurance policy}}{\text{Number of coverage days}}$$

(iii) Claim reserves

- Outstanding claim reserve: to be set aside according to estimates of indemnities for single covered loss have been reported or claimed but not yet resolved at the end of the fiscal year; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established based on the formula in Circular No. 50 as follows:

$$\begin{aligned} \text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} &= \frac{\text{Total indemnity for claims incurred but not reported as at the end of last 3 consecutive fiscal years}}{\text{Total indemnity for losses arising in the last 3 consecutive fiscal years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}} \end{aligned}$$

(iv) Equalization reserve

Equalization reserve for health insurance is established at 3% of net premium and recognised in the catastrophe reserve account on balance sheet.

3.11 Foreign currency transactions

The Company follows the guidance under Vietnamese Accounting Standard No. 10 “The Effects of Changes in Exchange Rates” (the “VAS 10”) and Circular 200.

Transactions in currencies other than the Company’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.
- 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 transaction exchange rates at the balance sheet dates which are determined as follows:

- deposit assets are translated at buying exchange rate of the commercial bank where the Company deposits;
- monetary assets are translated at average buying exchange rate of the commercial banks where the Company conducts transactions regularly;
- monetary liabilities are translated at average selling exchange rate of the commercial banks where the Company conducts transactions regularly.

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

3.12 Appropriation of net profit after tax

Based on the approval of the appropriate level of authority/Members’ Council, net profit after tax shall be considered as profit distributed to investors/shareholders. Distributed profit shall be paid after consideration of any deduction of profit not for distribution and after making funds in accordance with the Company’s Charter and Vietnam’s regulatory requirements.

- The Company Statutory reserve is set in order to supplement the Company’s charter capital and ensure its solvency. This fund shall deduct 5% of the Company’s annual profit after tax until it equals to 10% of the Company’s charter capital based on Decree 73.
- Every year, the Company establishes Bonus and welfare fund. This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees’ benefits.

3.13 Revenue recognition

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

(i) Gross written premium

Gross written premiums are recognized in accordance with Circular No. 50 on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches.

Gross written premium is recognized as revenue at the point of time when the insurance liability is incurred, specific as follow:

(1) the insurance contract has been entered into by the insurer and the insured has paid full premium;

(2) there's evidence about coverage acceptance and the insured has paid full premium;

(3) the insurance contract has been entered into by the insurer and the insured and there is agreement between the Company 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. According to Circular 50, the credit term shall not exceed 30 days from policy inception date. For installment contracts, general insurers are required to record revenue from insurance premium of the first installment on the insurance contract's effective date and record revenue from premium of the remaining installments 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.

Prepaid premium is recorded as "Short-term unearned revenue" in the balance sheet.

Premium return and premium reduction are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

(ii) Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

(iii) Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend in cash is established.

(iv) Other income

Other income is recognised on an accrual basis in the income statement.

3.14 Expense recognition

(i) Claim expense

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case that the final claim amount has not been finalized but the Company is certain that the loss is within its insured liabilities and has paid an advance to the customer as per their request, such advance would also be recognized as claim expenses. Any claim that is not yet approved by authorized persons is considered an outstanding claim and included in claims reserve.

(ii) Commission expense

Commission is calculated for all products with specific percentages for each type of products, and in accordance with Circular No.50. Commission expenses are calculated as the percentages of premium revenue and are recognized in the income statement. Commission expense which incurred, however, was not accounted in income statement shall be recorded in "short-term prepaid expense".

(iii) General & administration expense

Other administration expense is recognized on accrual basis.

(iv) Operating lease

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

(v) Other expenses

Other expenses are recognized on an accrual basis in the income statement.

3.15 Recognition of reinsurance activities

(i) Reinsurance ceded

Reinsurance premiums ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.

Reinsurance premiums ceded under facultative reinsurance agreement is recognized when the facultative reinsurance agreement has been entered into by the Company 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 accounting period, the part of reinsurance commission which is not included in income and expense of period corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

(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.

Reinsurance assumed under facultative arrangement:

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

3.16 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods 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 or substantively enacted as at 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 Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the balance sheet 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 recognized 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.

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). 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).

The carrying amount of deferred income 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 asset to be recovered. Previously unrecognized deferred income tax assets are reassessed 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 income tax assets and liabilities are measured at the tax rates that are expected to be applied in the period when the asset is 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 set off 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 realize 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.

3.17 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.

3.18 Related parties

Parties are considered to be related parties of the Company 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 Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of their families.

4. CASH AND CASH EQUIVALENTS

Currency: VND

	Ending balance	Beginning balance
Cash	19,615,187,964	11,467,300,809
Cash on hand (VND)	47,569,079	67,301,079
Cash at bank	19,567,618,885	11,399,999,730
In which:		
VND	18,313,342,999	6,967,396,790
Foreign currency	1,254,275,886	4,432,602,940
	19,615,187,964	11,467,300,809

5. FINANCIAL INVESTMENTS

Currency: VND

		Ending balance	Beginning balance
Trading securities			
Listed shares	(i)	3,430,000,000	3,430,000,000
Fund certificates	(ii)	5,000,000,000	5,000,000,000
		8,430,000,000	8,430,000,000
Held-to-maturity investments			
Short-term		799,560,000,000	705,420,000,000
- Term deposits in VND	(iii)	724,810,000,000	630,280,000,000
- Term deposits in USD	(iii)	74,750,000,000	75,140,000,000
Long-term		101,977,404,776	102,557,781,805
- Bonds	(iv)	101,977,404,776	102,557,781,805
		901,537,404,776	807,977,781,805
Net value of investments		909,967,404,776	816,407,781,805

(i) Including 668,850 VNR shares.

(ii) including 492,810 Bao Viet Bond Fund certificates.

(iii) Term deposits in VND have original terms of more than three (3) months and interest rate from 3.30% to 7.10%/year. Term deposits in USD with original terms less than a year and interest rate 0.00%/year.

(iv) Including government bonds code TD1424092, which have a term of 10 years, par value of VND 100,000,000,000 and interest of 8.70%/year.

6. CURRENT ACCOUNT RECEIVABLES

Currency: VND

	Ending balance	Beginning balance
Insurance receivables		
Gross written premium receivables	20,038,104,506	29,510,594,247
- Premium receivable from the Insured	10,485,280,434	11,079,457,471
- Premium receivable from brokers	9,412,525,225	18,099,630,467
- Premium receivable from agents	140,298,847	331,506,309
Reinsurance assumed receivables	1,535,062,109	160,472,147
Reinsurance ceded receivables	20,326,543,355	16,673,435,704
Receivables from co-insurers	2,175,196,199	3,613,127,581
- Claims recoveries from co-insurers	1,096,359,396	1,562,118,125
- Other receivables from co-insurers	1,078,836,803	2,051,009,456
	44,074,906,169	49,957,629,679
Other trade receivables		
Receivables from claim handling services	5,527,297,167	7,996,284,623
Other trade receivables	557,014,530	544,703,814
	6,084,311,697	8,540,988,437
Other short-term receivables		
Bank deposit interest receivables	21,952,881,463	19,594,965,020
Bond coupon receivables	5,124,657,534	5,110,655,738
Deposit for third party claim handling service	1,650,000,000	1,500,000,000
Advances, other short-term deposits	507,211,756	482,618,182
Other receivables	671,030,313	654,048,975
	29,905,781,066	27,342,287,915
Total receivables	80,064,998,932	85,840,906,031
Allowance for doubtful debts	(184,331,390)	(363,493,081)
Net current account receivables	79,880,667,542	85,477,412,950

7. UNALLOCATED COMMISSION EXPENSE

Unallocated commission expenses were the part of commission expenses which were not included in expenses of the year corresponding with direct and reinsurance unearned premium and will be allocated in subsequent years in accordance with Circular 232.

Currency: VND

	Current year	Previous year
Opening balance	14,805,458,353	13,959,938,455
Paid commission during the year	52,853,020,760	44,567,797,441
Allocated commission during the year	(51,544,370,292)	(43,722,277,543)
Closing balance	16,114,108,821	14,805,458,353

8. COMPULSORY DEPOSITS

Compulsory deposit is denominated in USD. Under the prevailing regulation, the Company has to maintain statutory insurance deposit equivalent to 2% of its legal capital.

9. TANGIBLE FIXED ASSETS

Currency: VND

	Motor vehicles	Office equipment	Total
Cost:			
Beginning balance	3,861,436,364	4,811,835,188	8,673,271,552
Additions during the year	1,286,381,818	1,091,038,000	2,377,419,818
Decrease during the year	(1,447,861,818)	(651,769,250)	(2,099,631,068)
Ending balance	3,699,956,364	5,251,103,938	8,951,060,302
Accumulated depreciation:			
Beginning balance	(2,261,205,293)	(4,350,264,901)	(6,611,470,194)
Charge for the year	(650,134,294)	(357,927,716)	(1,008,062,010)
Decrease during the year	1,168,774,776	651,769,250	1,820,544,026
Ending balance	(1,742,564,811)	(4,056,423,367)	(5,798,988,178)
Net book value:			
Beginning balance	1,600,231,071	461,570,287	2,061,801,358
Ending balance	1,957,391,553	1,194,680,571	3,152,072,124

10. INTANGIBLE FIXED ASSETS

Currency: VND

	Software	Total
Cost:		
Beginning balance	5,293,594,344	5,293,594,344
Additions during the year	216,050,000	216,050,000
Ending balance	5,509,644,344	5,509,644,344
Accumulated depreciation:		
Beginning balance	(5,081,292,250)	(5,081,292,250)
Charge for the year	(132,614,010)	(132,614,010)
Ending balance	(5,213,906,260)	(5,213,906,260)
Net book value:		
Beginning balance	212,302,094	212,302,094
Ending balance	295,738,084	295,738,084

11. LONG-TERM PREPAID EXPENSE

Currency: VND

	Ending balance	Beginning balance
Tools and equipment	1,637,039,915	1,996,725,380
Office renovations	807,965,700	1,261,727,111
Others	3,849,595,797	4,551,852,624
	6,294,601,412	7,810,305,115

12. TRADE PAYABLES

Currency: VND

	Ending balance	Beginning balance
Insurance payables		
Payables for ceded activities	131,668,627,110	117,505,011,104
Payables to co-insurers	3,466,405,672	2,940,833,791
Commission payables	4,730,534,541	5,924,956,652
Other payables from insurance business	2,357,783,189	1,387,923,712
	142,223,350,512	127,758,725,259
Other trade payables		
Assessment fee for "Financial Risk and Credit Insurance" Policies	2,266,586,998	1,320,748,382
IT fee	1,827,468,043	3,977,150,755
Compulsory fire and explosion fund and compulsory TPL fund	2,161,068,731	1,783,691,279
Survey fee payable	84,697,500	513,671,648
Other trade payables	3,552,214,437	2,505,680,615
	9,892,035,709	10,100,942,679
	152,115,386,221	137,859,667,938

13. TAXES AND OTHER STATUTORY OBLIGATIONS

Currency: VND

	Movement during the year			Ending balance
	Beginning balance	Payables	Paid	
Value added tax	2,569,278,175	36,183,311,161	(35,525,794,848)	3,226,794,488
Corporate income tax	7,392,766,070	36,789,506,804	(28,292,766,048)	15,889,506,826
Personal income tax	1,165,617	5,751,328,371	(6,357,778,871)	(605,284,883)
Foreign contractor tax	3,880,991,898	998,215,902	(1,063,062,040)	3,816,145,760
	13,844,201,760	79,722,362,238	(71,239,401,807)	22,327,162,191

14. UNEARNED COMMISSION REVENUE

Unearned commission revenue was the part of commission which was not included in revenue of the year corresponding with reinsurance ceded unearned premium and will be allocated in subsequent year in accordance with Circular 232.

Currency: VND

	Current year	Previous year
Opening balance	34,315,081,082	28,881,220,989
Increased during the year	108,673,499,413	93,066,607,188
Allocated during the year	(107,210,049,137)	(87,632,747,095)
Closing balance	35,778,531,358	34,315,081,082

15. OTHER SHORT – TERM PAYABLES

Currency: VND

	Ending balance	Beginning balance
Other payables	176,439,683	170,985,648
	176,439,683	170,985,648

16. TECHNICAL RESERVES

16.1 Unearned premium reserve and claim reserve

Currency: VND

	Reserve for direct insurance and inward reinsurance	Reserve for outward reinsurance	Net reserve
Beginning balance			
Unearned premium reserve	270,340,842,571	(200,554,915,500)	69,785,927,071
Claim reserves	471,439,849,797	(373,627,683,820)	97,812,165,977
Outstanding claim reserve	445,369,931,703	(373,627,683,820)	71,742,247,883
Incurred but not reported claim reserve	26,069,918,094	-	26,069,918,094
Total	741,780,692,368	(574,182,599,320)	167,598,093,048
Ending balance			
Unearned premium reserve	252,964,133,559	(180,091,262,300)	72,872,871,259
Claim reserves	305,520,336,901	(211,125,971,425)	94,394,365,476
Outstanding claim reserve	290,833,704,886	(211,125,971,425)	79,707,733,461
Incurred but not reported claim reserve	14,686,632,015	-	14,686,632,015
Total	558,484,470,460	391,217,233,725	167,267,236,735

16.1.1 Unearned premium reserve

Unearned Gross and Assumed Premium Reserves

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	24,867,029,669	24,937,170,059
Property and Damages Insurance	154,807,728,206	173,334,874,174
Cargo Insurance	8,929,701,179	8,389,380,656
Automobile Insurance	8,224,303,050	8,872,727,546
Fire Insurance	266,385,634	234,391,990
Marine Hull and P&I Insurance	460,369,248	476,259,470
Liability Insurance	29,619,557,501	27,084,564,123
Business Risk Insurance	6,555,111,255	7,584,536,983
Financial Risk and Credit Insurance	19,233,947,817	19,426,937,570
	252,964,133,559	270,340,842,571

Unearned ceded premium reserve (Reinsurance assets)

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	921,765,673	995,620,167
Property and Damages Insurance	141,966,275,559	161,110,516,872
Cargo Insurance	1,966,746,049	2,041,695,629
Automobile Insurance	134,525,095	182,216,785
Fire Insurance	179,491,248	113,183,840
Marine Hull and P&I Insurance	454,645,622	470,381,690
Liability Insurance	10,720,682,117	10,631,975,983
Business Risk Insurance	6,370,310,554	7,414,115,950
Financial Risk and Credit Insurance	17,376,820,383	17,595,208,584
	180,091,262,300	200,554,915,500

16.1.2 Claim reserve

Direct and Reinsurance assumed claim reserve

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	12,151,836,033	8,296,029,688
Property and Damages Insurance	139,349,764,280	257,655,526,509
Cargo Insurance	35,331,088,520	49,022,798,802
Automobile Insurance	8,932,750,049	16,728,754,048
Marine Hull and P&I Insurance	30,000,000	-
Liability Insurance	13,291,708,043	17,286,704,979
Business Risk Insurance	1,602,300,835	1,104,056,542
Financial Risk and Credit Insurance	94,830,889,141	121,345,979,229
	305,520,336,901	471,439,849,797

Reinsurance ceded claim reserve (Reinsurance assets)

Currency: VND

Product	Ending balance	Beginning balance
Property and Damages Insurance	112,357,552,630	241,021,079,917
Cargo Insurance	12,510,396,928	20,720,029,430
Marine Hull and P&I Insurance	29,499,990	-
Liability Insurance	3,210,350,537	11,116,226,311
Business Risk Insurance	1,586,453,400	1,055,924,995
Financial Risk and Credit Insurance	81,431,717,940	99,714,423,167
	211,125,971,425	373,627,683,820

16.2 Catastrophe reserve

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	13,811,019,909	11,687,992,754
Property and Damages Insurance	8,566,596,841	7,569,449,071
Cargo Insurance	27,086,213,443	24,797,148,587
Automobile Insurance	12,074,488,386	11,340,597,149
Fire Insurance	249,972,418	245,497,563
Marine Hull and P&I Insurance	112,444,156	111,262,067
Liability Insurance	11,325,906,550	9,868,318,443
Business Risk Insurance	156,912,873	144,960,867
Financial Risk and Credit Insurance	937,203,320	660,483,237
	74,320,757,896	66,425,709,738

Catastrophe reserve is accrued annually and calculated at 3% of net written premiums. Details are as follows:

Currency: VND

	Ending balance	Beginning balance
Opening balance	66,425,709,738	58,474,149,543
Increased during the year	7,895,048,158	7,951,560,195
Closing balance	74,320,757,896	66,425,709,738

17. OWNERS' EQUITY

17.1 Increase and decrease in owners' equity

Currency: VND

	Contributed chartered capital	Statutory reserve fund	Undistributed after-tax profits	Foreign exchange translation reserve (*)	Total
Previous year					
Beginning balance	300,000,000,000	30,000,000,000	66,110,133,556	31,520,800,000	427,630,933,556
Distributed profit for 2018	-	-	(44,083,416,479)	-	(44,083,416,479)
Profit for the year	-	-	117,202,699,504	-	117,202,699,504
Appropriation of profit to bonus and welfare fund	-	-	(5,860,134,974)	-	(5,860,134,974)
Ending balance	300,000,000,000	30,000,000,000	133,369,281,607	31,520,800,000	494,890,081,607
Current year					
Beginning balance	300,000,000,000	30,000,000,000	133,369,281,607	31,520,800,000	494,890,081,607
Remaining distributed for 2019 (**)	-	-	(77,752,845,417)	-	(77,752,845,417)
Profit for the year	-	-	141,814,202,634	-	141,814,202,634
Appropriation of profit to bonus and welfare fund (***)	-	-	(7,090,710,132)	-	(7,090,710,132)
Ending balance	300,000,000,000	30,000,000,000	190,339,928,692	31,520,800,000	551,860,728,692

(*) The balance of foreign exchange translation reserve of VND 31,520,800,000 as at 31 December 2020 represents the foreign exchange difference resulted from the conversion of accounting currency from USD to VND in 2008.

(**) According to Resolution No. 09/2020/NQ-HĐTV on profit distribution for 2019, approved by Members' Council on 15 May 2020.

(***) The Company allocated 5% profit after tax to welfare fund in accordance with the Company's charter dated 13 October 2017.

17.2 Contributed charter capital

Currency: VND

	Charter capital amount	Percentage of ownership	Contributed charter capital	Uncontributed charter capital
Foreign party:				
Tokio Marine Asia Pte. Ltd	153,000,000,000	51%	153,000,000,000	-
Vietnamese party:				
Bao Viet Holdings	147,000,000,000	49%	147,000,000,000	-
	300,000,000,000	100%	300,000,000,000	-

17.3 Capital transactions with owners and distributions of profit

Currency: VND

	Ending balance	Beginning balance
Contributed capital		
Beginning balance	300,000,000,000	300,000,000,000
Ending balance	300,000,000,000	300,000,000,000
Distributed profit	77,752,845,417	44,083,416,479

18. REVENUE

Currency: VND

	Current year	Previous year
Gross written premiums	689,642,383,633	653,093,487,489
Deductions	(6,327,800,896)	(9,239,818,136)
Net direct premium	683,314,582,737	643,853,669,353
Reinsurance assumed premiums	58,308,995,843	52,259,162,496
Deductions	(1,566,523,018)	(344,713,015)
Net assumed premium	56,742,472,825	51,914,449,481
Increase in un-earned premium reserve	17,376,709,012	(19,176,465,900)
	757,433,764,574	676,591,652,934

18.1 Gross written premiums

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	73,082,323,040	76,022,113,192
Property and Damages Insurance	309,581,966,535	272,685,986,595
Cargo Insurance	94,126,269,823	106,236,190,016
Automobile Insurance	24,975,230,236	27,247,387,474
Fire Insurance	142,266,036	506,572,840
Marine Hull and P&I Insurance	3,134,383,780	3,375,785,742
Liability Insurance	75,975,154,058	69,130,640,657
Business Risk Insurance	11,468,736,717	16,502,314,132
Financial Risk and Credit Insurance	90,828,252,512	72,146,678,705
	683,314,582,737	643,853,669,353

18.2 Reinsurance assumed premiums

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	-	91,785,400
Property and Damages Insurance	49,347,498,248	44,436,066,175
Cargo Insurance	1,574,507,799	1,042,936,896
Fire Insurance	355,430,565	158,955,722
Liability Insurance	3,349,746,835	3,118,149,531
Business Risk Insurance	949,948,476	886,895,766
Financial Risk and Credit Insurance	1,165,340,902	2,179,659,991
	56,742,472,825	51,914,449,481

19. REINSURANCE PREMIUMS CEDED

Currency: VND

	Current year	Previous year
Reinsurance premium ceded	476,888,783,613	430,716,112,346
Decrease/(Increase) in ceded premium reserve	20,463,653,200	(17,357,157,111)
	497,352,436,813	413,358,955,235

19.1 Reinsurance premium ceded

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	2,314,751,195	3,144,396,783
Property and Damages Insurance	325,691,205,765	285,731,272,167
Cargo Insurance	19,398,615,759	25,096,864,864
Automobile Insurance	512,189,025	670,374,073
Fire Insurance	348,534,740	383,770,302
Marine Hull and P&I Insurance	3,094,980,835	3,333,973,293
Liability Insurance	30,738,630,665	28,386,063,581
Business Risk Insurance	12,020,284,989	17,016,346,764
Financial Risk and Credit Insurance	82,769,590,640	66,953,050,519
	476,888,783,613	430,716,112,346

20. COMMISSION ON REINSURANCE CEDED AND OTHER INSURANCE INCOME

Currency: VND

	Current year	Previous year
Commission on reinsurance ceded	107,210,049,137	87,632,747,095
Other income from insurance activities	14,637,889,880	13,610,844,201
	121,847,939,017	101,243,591,296

20.1 Commission on reinsurance ceded

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	163,436,456	193,308,036
Property and Damages Insurance	75,423,079,075	58,945,416,687
Cargo Insurance	3,744,466,444	4,651,323,238
Automobile Insurance	132,494,472	146,493,456
Fire Insurance	64,962,049	83,607,068
Marine Hull and P&I Insurance	638,962,540	1,180,934,022
Liability Insurance	6,349,522,152	5,143,187,617
Business Risk Insurance	3,292,691,930	3,826,703,727
Financial Risk and Credit Insurance	17,400,434,019	13,461,773,244
	107,210,049,137	87,632,747,095

20.2 Other income from insurance activities

Currency: VND

	Current year	Previous year
Claim settling Agent income	10,686,972,821	9,835,118,262
Handling charge income	1,790,018,561	1,600,690,482
Other income	2,160,898,498	2,175,035,457
	14,637,889,880	13,610,844,201

21. CLAIM EXPENSES

Currency: VND

	Current year	Previous year
Direct claim expenses and claim expenses on inward reinsurance	225,599,135,252	255,681,008,111
- Direct claim expense	215,624,727,786	169,286,244,578
- Claim expense on inward reinsurance	9,974,407,466	86,394,763,533
Recovery from third party, recovery from 100% compensated goods	(28,382,924,310)	(5,983,924,808)
Recovery from reinsurance ceded	(116,832,181,373)	(159,489,951,662)
Decrease in gross claim reserve and reinsurance assumed claim reserve	(165,919,512,896)	(118,702,331,171)
Decrease in outward reinsurance claim reserve	162,501,712,395	130,548,338,217
	76,966,229,068	102,053,138,687

21.1 Direct claim expense

Currency: VND

Product	Current year	Previous year
Health Insurance and Personal Accident Insurance	31,845,669,191	36,698,694,929
Property and Damages Insurance	108,012,084,260	48,489,671,091
Cargo Insurance	20,556,687,497	23,074,920,220
Automobile Insurance	9,581,034,360	11,339,616,463
Liability Insurance	13,111,245,018	12,520,776,622
Business Risk Insurance	79,289,890	12,111,678,497
Financial Risk and Credit Insurance	32,438,717,570	25,050,886,756
	215,624,727,786	169,286,244,578

21.2 Claim expenses on reinsurance assumed

Currency: VND

Product	Current year	Previous year
Health Insurance and Personal Accident Insurance	22,789,887	46,467,569
Property and Damages Insurance	8,292,293,605	85,008,512,530
Cargo Insurance	17,916,327	35,905,631
Fire Insurance	-	865,046,404
Liability Insurance	408,761,187	235,867,237
Business Risk Insurance	1,082,359,832	-
Financial Risk and Credit Insurance	150,286,628	202,964,162
	9,974,407,466	86,394,763,533

21.3 Recovery from reinsurance ceded

Currency: VND

Product	Current year	Previous year
Health Insurance and Personal Accident Insurance	-	1,556,018,192
Property and Damages Insurance	108,592,765,516	120,439,846,989
Cargo Insurance	(16,649,014,658)	4,850,925,492
Automobile Insurance	-	6,054,300
Fire Insurance	-	821,794,083
Liability Insurance	1,469,654,828	609,472,482
Business Risk Insurance	1,150,429,675	11,812,237,497
Financial Risk and Credit Insurance	22,268,346,012	19,393,602,627
	116,832,181,373	159,489,951,662

22. OTHER OPERATING EXPENSES

Currency: VND

	Current year	Previous year
Underwriting risk survey expenses	1,829,815,721	3,146,748,792
Agent management fee	787,932,206	770,748,458
Handling charged	1,264,782,789	1,461,652,264
Loss prevention	265,379,002	82,251,995
Statutory contributions	2,232,200,959	1,899,925,038
Others	4,674,764,901	4,680,486,875
	11,054,875,578	12,041,813,422

23. FINANCE INCOME

	Current year	Previous year
Interest income from deposits	46,957,816,824	40,933,903,565
Interest income from bonds	8,714,001,795	8,685,998,204
Dividend received	1,830,509,510	802,620,000
Foreign exchange gains	2,356,596,518	438,544,092
	59,858,924,647	50,861,065,861

24. FINANCE EXPENSE

	Current year	Previous year
Management fee	2,324,701,790	2,225,724,067
Foreign exchange losses	1,792,377,838	666,212,440
	4,117,079,628	2,891,936,507

25. GENERAL AND ADMINISTRATIVE EXPENSES

Currency: VND

	Current year	Previous year
Employee expense	72,717,558,752	66,126,673,678
Material, tool and equipment expense	3,366,868,100	2,617,858,330
IT consultancy fee	12,175,126,192	9,121,712,002
Depreciation expense	1,140,676,020	1,073,848,812
Tax, fee, and charge	670,145,400	703,625,071
Office rental and office renewal expense	10,658,649,555	9,528,225,132
Outsourcing expenses	11,212,351,597	11,924,439,569
Reversal of provision for doubtful debts	(179,161,691)	(19,808,464)
Others	263,707,387	311,435,388
	112,025,921,312	101,388,009,518

26. OTHER INCOME AND EXPENSES

	Current year	Previous year
Gain from disposal assets	704,909,091	-
Other income	500,000	36,316,314
	705,409,091	36,316,314
Other expenses	286,367,042	37,515,728
Net other profit/(loss)	419,042,049	(1,199,414)

27. CORPORATE INCOME TAX

The Company is subject to paying Corporate Income Tax ("CIT") at the rate of 20% of its taxable profits.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

27.1 CIT expense

Currency: VND

	Current year	Previous year
Current tax expense	36,789,506,804	28,084,720,066
Total	36,789,506,804	28,084,720,066

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

Currency: VND

	Current year	Previous year
Accounting profit before tax	178,603,709,438	145,287,419,570
At CIT rate of 20%	35,720,741,888	29,057,483,914
Adjustments to increase		
- Non-deductible expenses	1,061,201,250	204,349,217
- Members' council remuneration	198,450,460	199,014,084
- Other increase	371,095,206	270,442,000
Adjustments to decrease		
- Dividend income	(267,540,000)	(160,524,000)
- Other decrease	(294,442,000)	(1,486,045,149)
CIT expense	36,789,506,804	28,084,720,066

27.2 Current tax

The current tax payable is based on taxable income for the current year. The taxable income of the Company for the year differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

27.3 Deferred corporate income tax

The followings are the deferred tax assets and deferred tax liability recognized by the Company, and the movements thereon, during the current and previous years:

Currency: VND

	Balance sheet		Effect on the income statement	
	Ending balance	Beginning balance	Current year	Previous year
Year-end revaluation of assets denominated in foreign currencies	7,489,275,211	7,489,275,211	-	-
Deferred tax expense	7,489,275,211	7,489,275,211	-	-

28. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has contractual commitments for the rent of offices and apartment as follows:

Currency: VND

	Ending balance	Beginning balance
Commitments for the rental of offices and apartment		
Less than 1 year	16,315,391,220	12,425,174,822
From 1 to 5 years	21,050,265,600	5,225,603,040
	37,365,656,820	17,650,777,862

Other off-balance sheet items

Currency: VND

ITEMS	Ending balance	Beginning balance
Insurance policies signed but not yet effective (VND)	49,822,877,145	51,831,380,887
Ceded Insurance policies signed but for which no obligations have arisen on the part of the Company (VND)	27,979,742,999	30,722,537,400
Foreign currency (USD)	3,679,467	3,816,722

29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with some related companies during the year were as follows:

Related parties	Relationship	Transactions	Currency: VND	
			Current year	Previous year
Tokio Marine Asia Pte. Ltd	Joint-Owner	Distributed profit paid in the year	(39,653,951,163)	(45,432,542,404)
		Consultancy fee of IT	(4,016,895,567)	(3,570,126,495)
		Consultancy fee of internal audit, compliance and risk management	(172,711,614)	(124,525,880)
		Underwriting risk survey fee	(38,098,894,254)	(1,171,293,988)
Bao Viet Holdings	Joint-Owner	Distributed profit paid in the year	4,289,436,404	(43,650,874,075)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Reinsurance inward premiums	300,784,696	189,076,377
		Reinsurance inward commission	(76,223,457)	(51,050,622)
		Reinsurance inward claim expense	(4,028,319,467)	(266,559,727)
		Reinsurance outward premiums	(39,097,585,564)	(24,772,267,247)
		Reinsurance outward Commission	10,016,819,991	5,655,929,813
		Claim recovery reinsurance outward	10,647,117,865	86,795,617,333
		Handling charge	(83,475)	-
		Claims Settling Agent Fee	9,672,185,073	9,145,834,087
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte. Ltd	Reinsurance outward premiums	(110,968,458,691)	(125,104,629,107)
		Reinsurance outward Commission	25,860,587,076	24,369,418,196
		Claim recovery reinsurance outward	49,916,656,949	20,832,798,783

Amounts due to and due from related parties as at 31 December 2020 and 2019 were as follows:

Related parties	Relationship	Transactions	Ending balance Receivables/ (Payables)	Beginning balance Receivables/ (Payables)
Tokio Marine Asia Pte. Ltd	Joint-Owner	IT consultancy fee payables	(1,827,468,043)	(1,795,405,858)
		Outward reinsurance payables	(11,343,402,574)	(6,581,070,835)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Reinsurance outward receivables	4,756,362,354	3,149,726,725
		Co-insurance payables	(8,584,016,818)	(12,168,993,445)
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte. Ltd	Claims Settling Agent Fee receivables	5,492,332,639	7,996,287,838
		Outward reinsurance payables	(24,532,115,430)	(23,662,739,325)
		Outward reinsurance receivables	4,323,243,881	2,134,116,294

Remuneration of the Members' Council in 2020: VND 992,252,300 (in 2019: VND 995,070,421).

The policies for the Members' Council remuneration are in accordance with the decision of Members' Council and in consistency with those applied in the financial year ended as at 31 December 2019.

30. RISK MANAGEMENT FRAMEWORK

30.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives. The Members' Council and Board of Management recognise the importance of having efficient and effective risk management systems in place.

The Company has established a risk management function which agreed with clear terms of reference from the Members' Council and other committees. This function is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Members' Council to the Board of Management and other senior management. A policy framework has been developed and implemented which sets out the Company's risk profiles; risk management; control and business conduct standards for the Company's operations. Each policy will be overseen by a member of the Board of Management on its compliance throughout the Company.

30.2 Risk management objectives, policies and processes for management of insurance risk

The primary insurance activity carried out by the Company is the assumption of risk of loss from persons or organisations 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 Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

The Company 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.

30.3 Capital management and regulatory framework

The primary capital management objective of the Company is to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. The Company recognises the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance.

Regulatory capital requirements arise from the operations of the Company require the Company to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The principal solvency requirements that apply to the Company are those set out in Circular No. 50.

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance subsidiaries are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The tables below summarise the minimum regulatory solvency margin for the Company and the solvency capital:

Currency: VND million

	Company Solvency Capital	Minimum Solvency Margin	Solvency Margin Ratio
31 December 2020	509,824	91,909	554.71%
31 December 2019	450,745	82,950	543.39%

The solvency ratio of the Company is calculated based on the relevant regulations promulgated by the Ministry of Finance in Vietnam.

30.4 Underwriting strategy

The Company's underwriting strategy seeks diversity 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.

30.5 Reinsurance strategy

The Company 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 Company's evaluation of the specific risk, subject in certain circumstances, to maximize limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to pay the claim amount in the event the claim is paid. However, the Company 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 meeting the Company's credit rating standard, either assessed from public rating information or internal investigations, will be used.

31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. The following gives details of the Company's main products and the ways in which it manages the associated risks.

31.1 Insurance risk

31.1.1 General insurance contracts

Assumptions, changes in assumptions and sensitivity analysis

The process used to determine the assumptions is intended to result in estimates of the most likely outcome. The sources of data used as inputs for the assumptions are internal, based on detailed studies that are carried out regularly. The assumptions are checked to ensure that they are consistent with other observable information. There is more emphasis on current trends, and where there is insufficient historical information, prudent assumptions are used.

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

The key method is based on Circular No. 50 of such reserving methodologies are as follows: Claim reserve includes 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, in accordance to the Circular No. 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR).

The Company is calculating the reserve for incurred but not reported claims based on the following formula:

$$\begin{array}{l}
 \text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} \\
 = \frac{\text{Total indemnity for claims incurred but not reported at the end of the last three years}}{\text{Total indemnity for losses arising in the last three years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in reporting claims of current fiscal year}}{\text{Average delay in reporting claims of previous fiscal year}}
 \end{array}$$

The Company issues general insurance contracts such as Health and Personal accident insurance, Property and Damages insurance, Cargo insurance, Automobile insurance, Fire insurance, Liability insurance, Business risk insurance, Marine hull and P&I insurance, Financial risk, and Credit insurance. Risks under general insurance contracts usually cover twelve-month duration.

The Company is exposed to risk of accumulation in view of the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi, and Da Nang.

For general insurance contracts the most significant risks arise from climate changes and natural disasters. Vietnam has suffered heavily from catastrophes loss such as tropical typhoon, river flood, flash flood, heavy rain and landslide. It is expected that tropical typhoon will affect Vietnam regularly with high severity and insured losses. In view of the exposures, the general insurance has arranged the reinsurance protection for the fire, engineering, motor, marine hull & cargo, fishing vessels portfolios against the catastrophe events to minimize the risks.

For longer tail claims that take over a year to settle; there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the general insurance, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the general insurance. The general insurance further enforces a policy of managing activity and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. typhoon and flood damages).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the general insurance risk appetite as decided by management. The management may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Claim development table

The table below presents estimates of net cumulative claim incurred and cumulative payment to date:

Currency: VND million

ITEMS	Accident year					Total
	2016	2017	2018	2019	2020	
At end of accident year	1	2	3	4	5	
I. Estimate of cumulative claims incurred						
1	72,038	81,789	97,352	97,936	89,640	
2	72,569	83,383	97,220	98,652		
3	70,162	79,354	95,819			
4	70,755	78,892				
5	70,630					
Current estimate of cumulative claims incurred (1)	70,630	78,892	95,819	98,652	89,640	433,633
II. Cumulative claim payment						
1	33,442	39,718	47,835	56,639	47,983	
2	62,803	73,745	74,528	81,428		
3	66,545	77,037	80,533			
4	70,111	78,023				
5	70,215					
Cumulative claim payment to date (2)	70,215	78,023	80,533	81,428	47,983	358,182
III. Net outstanding claim reserve (3) = (1) - (2)	415	869	15,286	17,224	41,657	75,451
IV. Current estimate of surplus (4)	1,408	2,897	1,533	(716)	-	5,122
V. Percentage of current estimate of surplus over current estimate of cumulative claims incurred (5) = (4)/(1)*100%	1.99%	3.67%	1.60%	(0.73%)	0.00%	1.18%

31.2 Financial risk

Transactions in financial instruments may result in the Company assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks.

31.2.1 Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices and foreign currency exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's term deposits and bonds. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

An interest rate risk sensitivity analysis is not performed as the Company's exposure to interest rate risk is minimal at reporting date.

Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Management reviews and approves all equity investment decisions.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between VND and other currencies in which the Company conducts business may affect its financial condition and results of operations. The foreign currency risk facing the Company mainly comes from movements in the USD/VND exchange rates. The Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

Major of the Company financial assets are denominated in VND which mitigates the foreign currency risk. With assets denominated in foreign currency, most of them are in USD.

The effect of a reasonably possible movement of the foreign currency exchange rate against the VND on the income statement and statement of financial position of the Company with all other variables held constant is indicated in the table below:

Currency: VND

Change in variance	Impact on profit before tax	Impact on equity
31 December 2020		
+5%	3,806,620,561	3,045,296,449
-5%	(3,806,620,561)	(3,045,296,449)
31 December 2019		
+5%	4,052,728,284	3,242,182,627
-5%	(4,052,728,284)	(3,242,182,627)

31.2.2 Credit risk

The Company's portfolio of fixed maturity investments (included its deposit arrangement with commercial banks) is subject to credit risk. This risk is defined as the potential loss in market value resulting from adverse changes in borrowers or counterparties' ability to repay the debts. The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of investments. Management has a credit policy in place. Limits are established to manage credit quality and concentration risk.

The Company also has insurance and reinsurance receivables, and other receivable amounts subject to credit risk. The most significant of these are reinsurance recoveries. To mitigate the risk of the counterparties not paying the amount due, the Company has established certain business and financial guidelines for reinsurer approval, incorporating ratings by major agencies and considering currently available market information. The Company also periodically reviews the financial stability of reinsurers from public and other sources and the settlement trend of amounts due from reinsurers.

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2020 are as follows:

	Not yet due	Past-due but not individually impaired	Individually impaired	Currency: VND Total
Financial instruments				
Available-for-sale	115,532,062,310	-	-	115,532,062,310
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	107,102,062,310	-	-	107,102,062,310
Loans and receivables	913,024,881,813	-	573,047,993	913,597,929,806
Term deposits	821,512,881,463	-	-	821,512,881,463
Statutory deposit	8,638,125,000	-	-	8,638,125,000
Insurance receivables	43,501,858,176	-	573,047,993	44,074,906,169
Other receivables from customers	6,755,342,010	-	-	6,755,342,010
Other assets	32,616,675,164	-	-	32,616,675,164
Cash	19,615,187,964	-	-	19,615,187,964
	1,048,172,132,087	-	573,047,993	1,048,745,180,080

Not yet due: financial assets or the loans with interest or principal payments not yet past due and there is no evidence of impairment.

Past due but not individually impaired: financial assets with past due interest and principal payments but the Company believes that these assets are not impaired as they are secured by collaterals and has confidence in the customer's creditworthiness and other credit enhancements.

Individually impaired: debt instruments and loans to customers for which the Company considers that interests and principals are not able to be recovered under the terms of the contracts.

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2018 are as follows:

Currency: VND

	Not yet due	Past-due but not individually impaired	Individually impaired	Total
Financial instruments				
Available-for-sale	116,098,437,543	-	-	116,098,437,543
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	107,668,437,543	-	-	107,668,437,543
Loans and receivables	821,067,165,750	-	1,152,602,666	822,219,768,416
Term deposits	725,014,965,020	-	-	725,014,965,020
Statutory deposit	8,666,250,000	-	-	8,666,250,000
Insurance receivables	48,805,027,013	-	1,152,602,666	49,957,629,679
Other receivables from customers	9,195,037,412	-	-	9,195,037,412
Other assets	29,385,886,305	-	-	29,385,886,305
Cash	11,467,300,809	-	-	11,467,300,809
	948,632,904,102	-	1,152,602,666	949,785,506,768

31.2.3 Liquidity risk

The Company has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is, therefore, a risk that cash will not be available to settle liabilities when due at a reasonable cost.

Contractual maturity

The following table indicates contractual maturity of the income-earning financial assets and financial liabilities based on contractual undiscounted payments not including insurance contract liabilities:

Currency: VND

	Overdue	Up to one year	More than one year	No maturity date	Total
Ending balance					
Financial assets					
Available-for-sale	-	-	107,102,062,310	8,430,000,000	115,532,062,310
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	107,102,062,310	-	107,102,062,310
Loans and receivables	573,047,993	913,024,881,813	-	-	913,597,929,806

Currency: VND

	Overdue	Up to one year	More than one year	No maturity date	Total
Term deposits	-	821,512,881,463	-	-	821,512,881,463
Statutory deposit	-	8,638,125,000	-	-	8,638,125,000
Insurance receivables	573,047,993	43,501,858,176	-	-	44,074,906,169
Other receivables from customers	-	6,755,342,010	-	-	6,755,342,010
Other assets	-	32,616,675,164	-	-	32,616,675,164
Cash	-	19,615,187,964	-	-	19,615,187,964
	573,047,993	932,640,069,777	107,102,062,310	8,430,000,000	1,048,745,180,080
Financial liabilities					
Trade payables	-	152,115,386,221	-	-	152,115,386,221
Other payables	-	176,439,683	-	-	176,439,683
	-	152,291,825,904	-	-	152,291,825,904
Net liquidity	573,047,993	780,348,243,873	107,102,062,310	8,430,000,000	896,453,354,176
Beginning balance					
Financial assets					
Available-for-sale	-	-	107,668,437,543	8,430,000,000	116,098,437,543
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	107,668,437,543	-	107,668,437,543
Loans and receivables	1,152,602,666	821,067,165,750	-	-	822,219,768,416
Term deposits	-	725,014,965,020	-	-	725,014,965,020
Statutory deposit	-	8,666,250,000	-	-	8,666,250,000
Insurance receivables	1,152,602,666	48,805,027,013	-	-	49,957,629,679
Other receivables from customers	-	9,195,037,412	-	-	9,195,037,412
Other assets	-	29,385,886,305	-	-	29,385,886,305
Cash	-	11,467,300,809	-	-	11,467,300,809
	1,152,602,666	832,534,466,559	107,668,437,543	8,430,000,000	949,785,506,768
Financial liabilities					
Trade payables	-	137,859,667,938	-	-	137,859,667,938
Other payables	-	170,985,648	-	-	170,985,648
	-	138,030,653,586	-	-	138,030,653,586
Net liquidity	1,152,602,666	694,503,812,973	107,668,437,543	8,430,000,000	811,754,853,182

32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2020:

Currency: VND

	Carrying amount			Total	Fair value
	Cost	Accrued interest	Provision		
31 December 2020					
Financial assets					
Available for sale	110,407,404,776	5,124,657,534	-	115,532,062,310	(*)
Listed shares	8,430,000,000	-	-	8,430,000,000	21,451,199,540
Treasury bonds	101,977,404,776	5,124,657,534	-	107,102,062,310	(*)
Loan and receivables	891,645,048,343	21,952,881,463	(184,331,390)	913,413,598,416	(*)
Term deposits	799,560,000,000	21,952,881,463	-	821,512,881,463	(*)
Statutory deposit	8,638,125,000	-	-	8,638,125,000	8,638,125,000
Insurance receivables	44,074,906,169	-	(184,331,390)	43,890,574,779	(*)
Other receivables from customers	6,755,342,010	-	-	6,755,342,010	(*)
Other assets	32,616,675,164	-	-	32,616,675,164	(*)
Cash	19,615,187,964	-	-	19,615,187,964	19,615,187,964
	1,021,667,641,083	27,077,538,997	(184,331,390)	1,048,560,848,690	
Financial liabilities					
Trade payables	152,115,386,221	-	-	152,115,386,221	(*)
Other payables	176,439,683	-	-	176,439,683	(*)
	152,291,825,904	-	-	152,291,825,904	

(*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2019:

Currency: VND

	Carrying amount				Fair value
	Cost	Accrued interest	Provision	Total	
31 December 2019					
Financial assets					
Available for sale	110,987,781,805	5,110,655,738	-	116,098,437,543	(*)
Listed shares	8,430,000,000	-	-	8,430,000,000	22,455,759,480
Treasury bonds	102,557,781,805	5,110,655,738	-	107,668,437,543	(*)
Loan and receivables	802,624,803,396	19,594,965,020	(363,493,081)	821,856,275,335	(*)
Term deposits	705,420,000,000	19,594,965,020	-	725,014,965,020	(*)
Statutory deposit	8,666,250,000	-	-	8,666,250,000	8,666,250,000
Insurance receivables	49,957,629,679	-	(363,493,081)	49,594,136,598	(*)
Other receivables from customers	9,195,037,412	-	-	9,195,037,412	(*)
Other assets	29,385,886,305	-	-	29,385,886,305	(*)
Cash	11,467,300,809	-	-	11,467,300,809	11,467,300,809
	925,079,886,010	24,705,620,758	(363,493,081)	949,422,013,687	
Financial liabilities					
Trade payables	137,859,667,938	-	-	137,859,667,938	(*)
Other payables	170,985,648	-	-	170,985,648	(*)
	138,030,653,586	-	-	138,030,653,586	

(*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value

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 assumption are used to estimate fair values:

- Fair value of cash and cash equivalents, short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

Where there is no observable market value, and it is not possible to determine the fair value, the financial assets and liabilities are carried at cost.

33. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since 31 December 2020 that requires adjustment or disclosure to be made in the financial statements of the Company.



Ms. Pham Thu Trang
Chief Accountant

25 March 2021



Mr. Hideaki Maeomote
General Director

**Tokio Marine
Insurance Vietnam Co. Ltd.**

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