

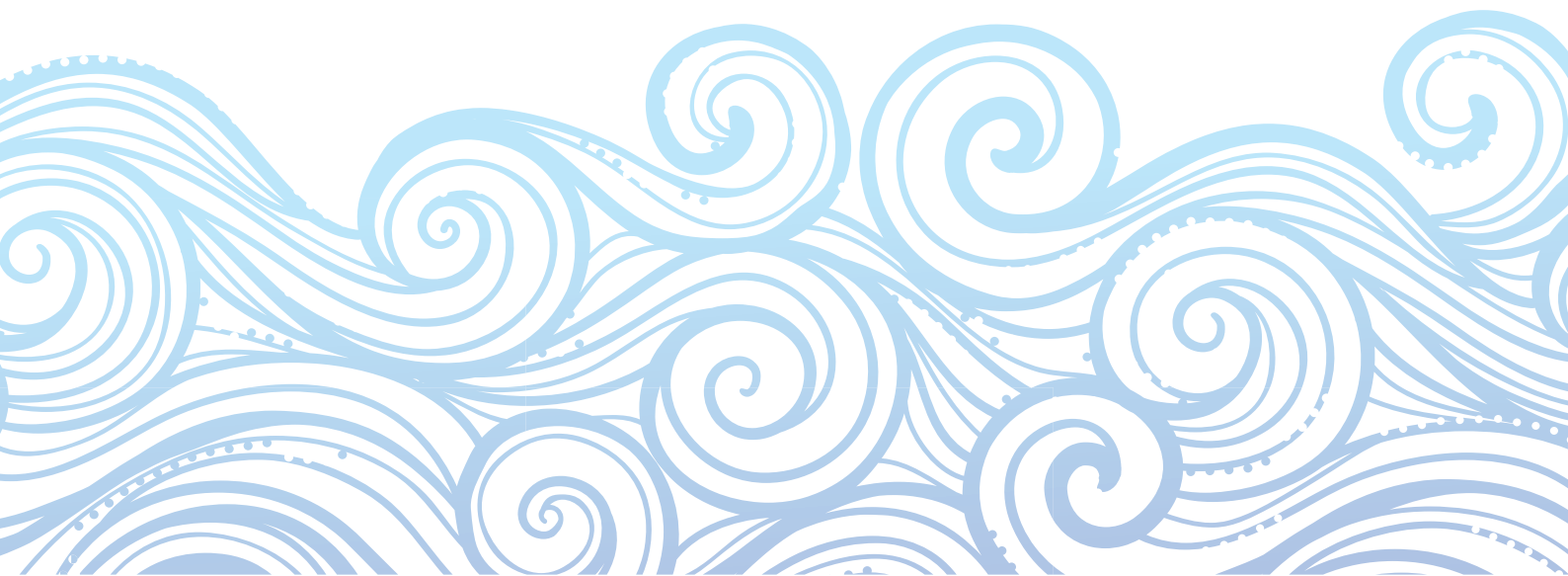


**BAOVIET
TOKIO MARINE**
INSURANCE



ANNUAL REPORT 2019

BAO VIET TOKIO MARINE INSURANCE
COMPANY LIMITED





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MESSAGE FROM GENERAL DIRECTOR



First of all, I really would like to hope all of our stake holders are staying safe and keeping healthy. The impact to world-wide economy due to COVID-19 is so huge never experienced earlier. At the time of writing this message, almost 4.9 million people are affected. Overall, the functioning of global supply chains has been disrupted, affecting companies across the globe. Millions of people could lose their jobs over the coming month. We hear a lot of worrying news about more companies shutting down operations, revising estimates, or announcing layoffs. Global financial markets have registered sharp falls and volatility.

Under these circumstances, GDP of most of the countries are estimated to fall into negative, however the one of Vietnam is estimated to be still positive, around 3%, which would be one of the proof of the strong and steady growth of Vietnamese economy.

In 2019, Vietnam economy had shown a steady growth as same as previous year. GDP growth was 7.02%, exceeding government target, the amount of a total foreign direct investment (FDI) posted US\$ 39,019million, +9.2% increase compared with 2018, the number of FDI was 15,106 cases, +41% increase compared with 2018. Japan was ranked at 4th in terms of FDI amount, dropped from 1st in 2018, but

recorded 1,442 cases, which was 19% more than in 2018.

Thanks to economic growth attracting Japanese investment and support from all of our stakeholders to our Bao Viet Tokio Marine Insurance Company (BVTM) during the past year, we could have a successful achievement in 2019 in terms of both top and bottom line business targets. At the end of fiscal year 2019, our total Gross Written Premium reached VND 695,768 million, achieving 108.31% of 2019 business plan and increasing by 4.4% compared to previous year result. At the same time, increment of Underwriting Profit and Profit before Tax results were equivalent to 30% and 22% compared to 2018 respectively, that was our historical record since establishment.

In order to achieve such positive results, we have improved not only our marketing activities and insurance products, but also our Engineering services, to support them to mitigate their variety of risks. In addition, we continuously have implemented productivity improvement projects by streamlining internal process to deliver the fast and fair service as well as claims settlement to all clients. Corporate governance is also one of our key issue. Following our plan of internal audit plan & compliance training, we have implemented them in a timely manner. And in 2019, we have started Risk Management Legal & Compliance (RMLC) meeting bi-monthly in which material issues relating to RMLC are to be shared, discussed and decided among all of department heads. Those activities are supported and monitored by Tokio Marine group.





We have been working at its best under our core identity of “To be a Good Company in Vietnam” to fulfill 2019 corporate initiatives and business innovations for the enhancement of operation efficiency as well as corporate culture. We have established and defined our targeted “Japan Quality” for the past 2 years, and in order for each

and every staff to persistently realize such commitment, I have delivered my message to all BVTM members again through our corporate annual conference at the beginning of 2019 & 2020 to take challenge to improve our “Japan Quality” by focusing on embedding and improving below five pillars so that BVTM could deliver better and higher values to our valued customers:



One of our memorial event in 2019 was CSR activity, called “Helmet for Kids”. Obviously Vietnam is motorbike society, but there are some people without helmet, even though compulsory, which is causing a lot of serious accidents. When we think how we can do to this society as an insurance company, we decided to deliver the helmets for kids who create future of Vietnam to prevent him/herself as well as their family from serious accidents. With support of Vietnam Traffic Safety Committee, we provided 2,000 helmets for primary and secondary students in Yen Bai province, northern Vietnam. Even though it is a small number, we would like to continue it for long time for the safety in Vietnam society, as well as insurance products.

Due to the impact by COVID-19, we may have a tough time from now on, which may last for long time, but we always keep our vision and philosophy above in our mind, and do endeavor to improve our quality and contribute to Vietnam society. I would highly appreciate your continued support to our endless journey to bring safety and security to clients and society.

Mr. Hideaki Maeomote
General Director



OVERVIEW

Established in 1996, Bao Viet Tokio Marine (previously known as Vietnam International Assurance Company – VIA) was the first foreign insurance investment joint-venture in Vietnam with its current partners being Baoviet Holdings - a leading Finance Insurance group in Vietnam and Tokio Marine - a leading giant insurance group in Japan. Baoviet Tokio Marine provides non-life insurance products and services for all international and domestic clients including both organizations and individuals in accordance with Viet Nam's Law.

Mission

BVTM will be the BEST QUALITY insurance company in Vietnam through providing excellent products, services & delivering satisfaction to all stake holders with sustainable growth.

Vision

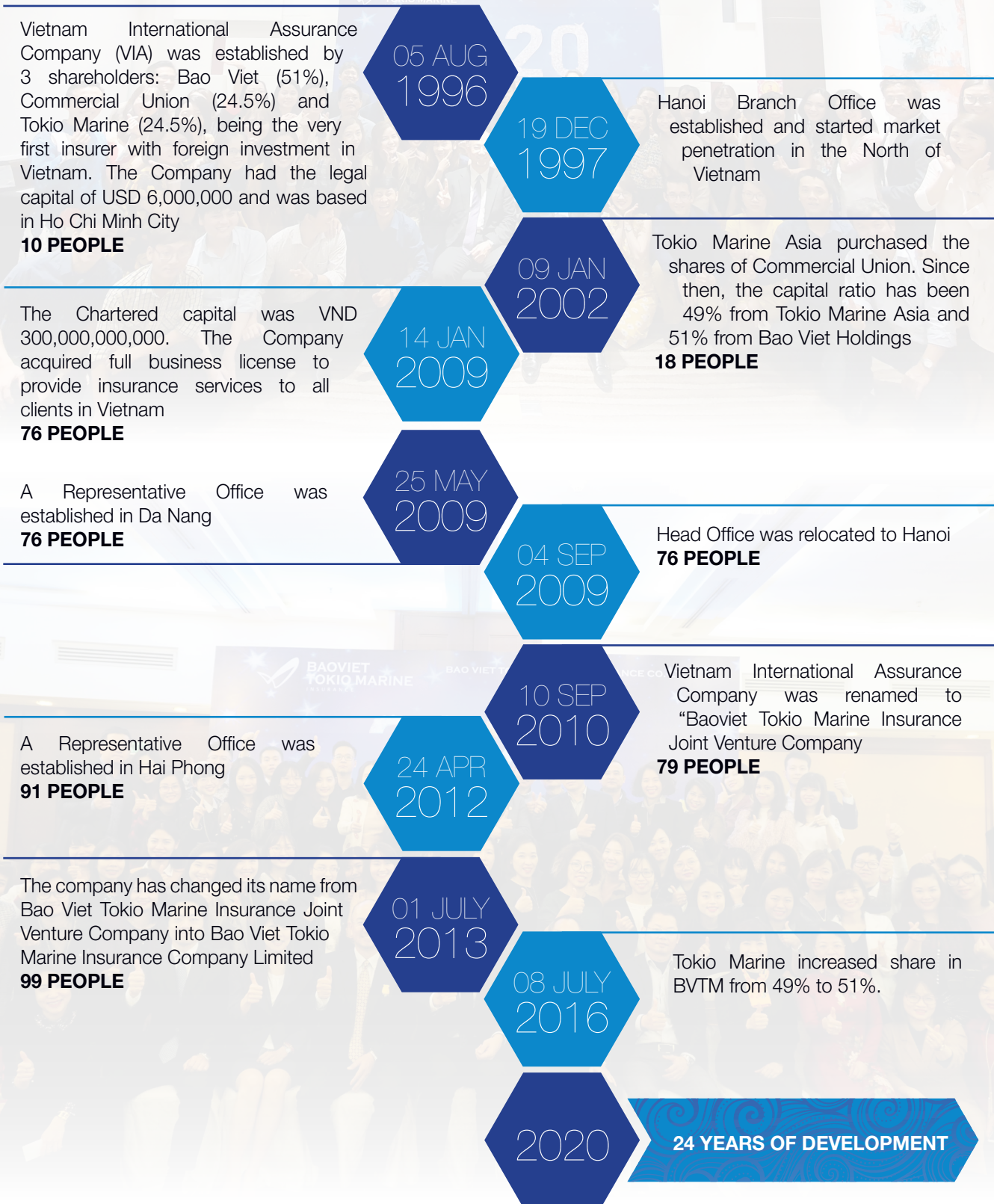
- Expanding business to strengthen “Corporate Value”
- Being a respected company
- Being a happy place to work

Core value





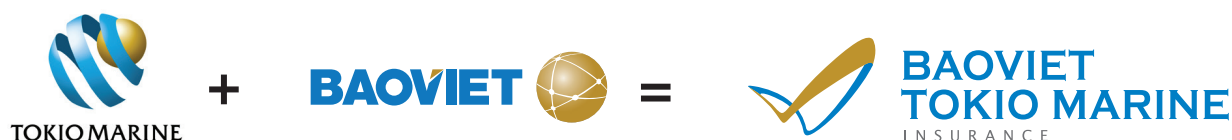
HISTORY



CORPORATE PROFILE

Name	BAO VIET TOKIO MARINE INSURANCE COMPANY LIMITED
Establishment	1996
Address	
• Head Office	Room 601, 6th Floor, Sun Red River Building, 23 Phan Chu Trinh Street, Hoan Kiem District, Hanoi, Vietnam
• Branch Office	19th Floor, Green Power Building, 35 Ton Duc Thang, Dist. I, 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
Charter capital	VND 300,000,000,000
Capital Contributors	
Tokio Marine Asia Pte. Ltd	51%
Bao Viet Holdings	49%
Members' Council	
• Chairman	Mr. Nguyen Quang Phi
• Members	Mr. Shinkichi Mike Miki - Vice Chairman Mr. Hideaki Maeomote - MC Member and General Director Mr. Ha Vu Hien - MC Member (until 31/12/2019) Mr. Nguyen Anh Tuan - MC Member (until 31/12/2019) Mr. Doan Viet Trang - MC Member (from 1/1/2020) Ms. Tran Thi Thu Thuy - MC Member (from 1/1/2020) Ms. Noriko Kojima - MC Member

Trademark



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



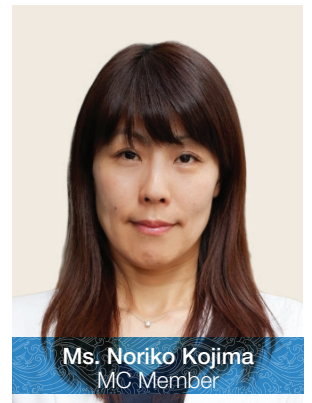
Mr. Hideaki Maeomote
MC Member



Mr. Doan Viet Trang
MC Member



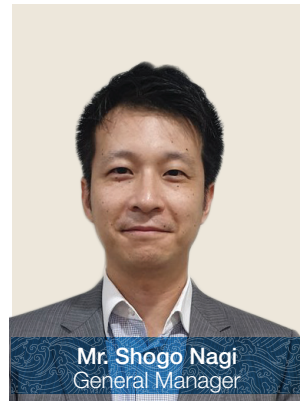
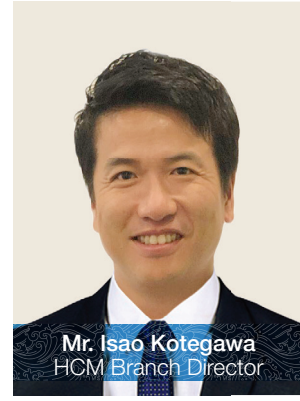
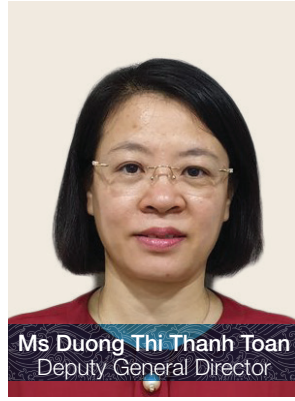
Ms. Tran Thi Thu Thuy
MC Member



Ms. Noriko Kojima
MC Member



MANAGEMENT TEAM





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



Together with Marine Cargo Insurance, Trade Credit Insurance is the protector for manufacturing and trading companies during transactions with their customers. While Marine Cargo Insurance covers the physical loss/damages to the cargo during transit and before reaching the buyer, Trade Credit Insurance protects the sellers from non-payment exposures. This insurance works much more efficiently than traditional methods of seller-protectors such as L/C due to its simplicity and wider protection.



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

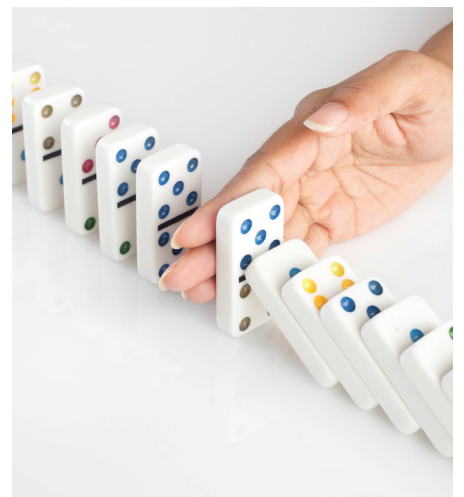
As an added-value service, we regularly conduct risk surveys to help our customers identify risk exposures that may exist in their premises, whereby giving appropriate recommendations for the loss prevention and mitigation purpose.

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

2019 RESULT

Financial results at the end of 2019 were relatively positive with major Key Performance Indicators achieving stable growth.

Total Gross Written Premium reached VND 695.8 billion which is equivalent to 108.3% of annual business plan 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 146 billion which is equivalent to 144% of annual business target.

KEY FIGURES

GWP

(Gross Written Premium)

Unit: VND

695.8
billion

↑↑ 104% vs 2018

UW Profit

(Underwriting Profit)

Unit: VND

86.9
billion

↑↑ 132% vs 2018

ROA

(Return on Asset)

8%

↑↑ 133% vs 2018

ROE

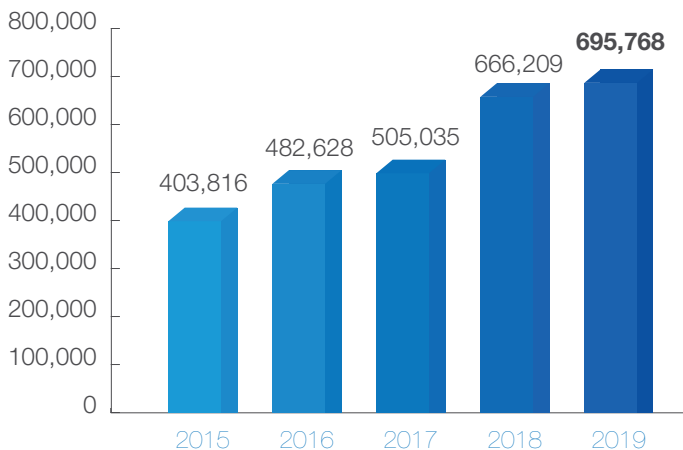
(Return on Equity)

24%

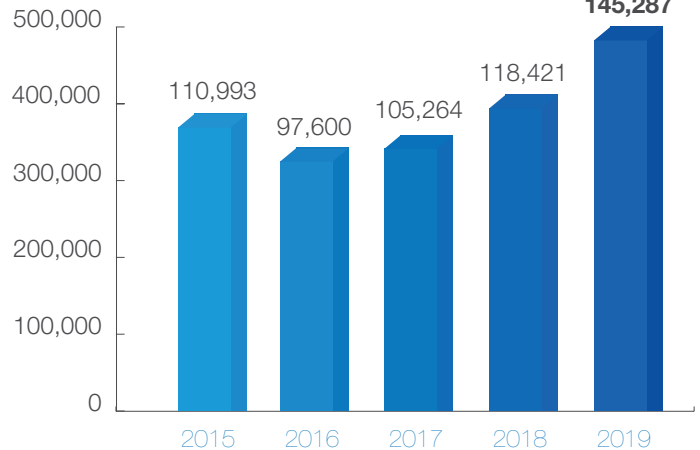
↑↑ 109% vs 2018

KEY MOVEMENT

GROSS WRITTEN PREMIUM OVER 5 YEARS



PROFIT BEFORE TAX OVER 5 YEARS





CORPORATE SOCIAL RESPONSIBILITY

TO BE A GOOD
COMPANY IN
VIETNAM



HELMETS
FOR KIDS

“HELMETS FOR KIDS” is the Corporate Social Responsibility (CSR) project newly launched since 2019 by the company in collaboration with National Traffic Safety Committee to contribute to the safety and security of local students when travelling by motorbikes. Raising awareness and

practice of traffic safety among students who are considered as the hope for the future, it is highly expected that students would be better protected and more lives would be saved. The project was recognized as 2019 Global CSR Award by Tokio Marine Group for its highlighted achievement.



Mr. Hideaki Maeomote - General Director with local students in the ceremony



BAOVIET TOKIO MARINE INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

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GENERAL INFORMATION



THE COMPANY

Baoviet Tokio Marine Insurance Company Limited (“The Company”) was formerly a joint-venture among Bao Viet Holdings, Commercial Union Assurance Company Plc and Tokio Marine and Fire Insurance Co., Ltd. The Company was established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5 August 1996. 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

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
Mr. Shinjiro Hamada	Vice Chairperson	Resigned on 01 April 2019
Mr. Toru Sanada	Member	Resigned on 01 April 2019
Mr. Ha Vu Hien	Member	Resigned on 01 January 2020
Mr. Nguyen Anh Tuan	Member	Resigned on 01 January 2020



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 1 January 2017
Mr. Ha Vu Hien	Deputy General Director	Resigned on 01 January 2019

LEGAL REPRESENTATIVE

The legal representative of the Company for the year ended 31 December 2019 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 Baoviet Tokio Marine Insurance Company Limited ("the Company") is pleased to present its report and approve the financial statements for the year ended 31 December 2019.

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 2019 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:

The stamp is circular with a red border and contains the following text: 'SGP165' at the top, 'CÔNG TY' in the center, 'TRÁCH NHIỆM HỮU HẠN' below it, 'BẢO HIỂM BẢO VIỆT' below that, and 'TOKIO MARINE' at the bottom. There are also small stars on the left and right sides of the stamp.

Mr. Nguyen Quang Phi
Chairperson

Hanoi, Vietnam
26 March 2020



INDEPENDENT AUDITORS' REPORT

**To: The Members' Council
Baoviet Tokio Marine Insurance Company Limited**

We have audited the accompanying financial statements of Baoviet Tokio Marine Insurance Company Limited ("the Company") as prepared on 26 March 2020 and set out on pages 5 to 54 which comprise the balance sheet as at 31 December 2019, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 2019 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



CÔNG TY
TNHH
ERNST & YOUNG
VIỆT NAM
CHI NHÁNH
HÀ NỘI
Đ. HOÀN KIẾM, TP. HÀ NỘI

Dang Phuong Ha
Deputy General Director
Audit Practicing Registration
Certificate No. 2400-2018-004-1

Hanoi, Vietnam
26 March 2020



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



BALANCE SHEET

as at 31 December 2019



Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,403,979,650,335	1,420,576,262,640
110	I. Cash and cash equivalents	4	11,467,300,809	15,548,486,858
111	1. Cash		11,467,300,809	11,248,486,858
112	2. Cash equivalents		-	4,300,000,000
120	II. Short-term investments	5	713,850,000,000	622,741,250,000
121	1. Trading securities		8,430,000,000	8,430,000,000
123	2. Held-to-maturity investments		705,420,000,000	614,311,250,000
130	III. Current account receivables	6	85,477,412,950	79,579,130,503
131	1. Short-term trade receivables		58,498,618,116	55,704,333,089
131.1	1.1. Insurance receivables		49,957,629,679	48,592,684,524
131.2	1.2. Other trade receivables		8,540,988,437	7,111,648,565
135	2. Other short-term receivables		27,342,287,915	24,258,098,959
139	3. Allowance for doubtful debts		(363,493,081)	(383,301,545)
150	IV. Other short-term assets		19,002,337,256	15,333,614,853
151	1. Prepaid expenses		18,357,750,554	14,869,260,079
151.1	1.1. Unallocated commission expense	7	14,805,458,353	13,959,938,455
151.2	1.2. Other prepaid expenses		3,552,292,201	909,321,624
152	2. Deductible VAT		644,586,702	464,354,774
190	V. Reinsurance assets	16	574,182,599,320	687,373,780,426
191	1. Reinsurance assets from unearned premium reserve	16.1.1	200,554,915,500	183,197,758,389
192	2. Reinsurance assets from claim reserve	16.1.2	373,627,683,820	504,176,022,037



Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		123,352,038,762	133,268,612,198
210	I. Long-term receivables		10,709,848,390	10,478,133,060
216	1. Other long-term receivables		10,709,848,390	10,478,133,060
216.1	1.1. Statutory deposit	8	8,666,250,000	8,683,125,000
216.2	1.2. Other long-term receivables		2,043,598,390	1,795,008,060
220	II. Fixed assets		2,274,103,452	3,317,032,264
221	1. Tangible fixed assets	9	2,061,801,358	2,993,480,174
222	Cost		8,673,271,552	8,642,351,552
223	Accumulated depreciation		(6,611,470,194)	(5,648,871,378)
227	2. Intangible fixed assets	10	212,302,094	323,552,090
228	Cost		5,293,594,344	5,293,594,344
229	Accumulated amortisation		(5,081,292,250)	(4,970,042,254)
250	III. Long-term investments	5	102,557,781,805	114,736,573,104
255	1. Held-to-maturity investments		102,557,781,805	114,736,573,104
260	IV. Other non-current assets		7,810,305,115	4,736,873,770
261	1. Long-term prepaid expense	11	7,810,305,115	4,736,873,770
270	TOTAL ASSETS		1,527,331,689,097	1,553,844,874,838



Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. TOTAL LIABILITIES		1,032,441,607,490	1,126,213,941,282
310	I. Current liabilities		1,024,952,332,279	1,118,724,666,071
311	1. Trade payables	12	137,859,667,938	104,607,294,213
311.1	1.1. Insurance payables		127,758,725,259	99,692,032,995
311.2	1.2. Other trade payables		10,100,942,679	4,915,261,218
313	2. Tax and other statutory obligations	13	13,844,201,760	14,355,623,417
314	3. Payables to employees		17,656,118,166	14,876,064,390
318	4. Short-term deferred revenue		1,532,323,449	1,246,218,964
318.1	5. Un-earned commission revenue	14	34,315,081,082	28,881,220,989
319	6. Other short-term payables	15	170,985,648	45,364,241,633
322	7. Bonus and welfare funds		11,367,552,130	9,613,295,283
329	8. Technical reserves	16	808,206,402,106	899,780,707,182
329.1	8.1. Gross un-earned premium reserve	16.1.1	270,340,842,571	251,164,376,671
329.2	8.2. Gross claim reserve	16.1.2	471,439,849,797	590,142,180,968
329.3	8.3. Catastrophe reserve	16.2	66,425,709,738	58,474,149,543
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		494,890,081,607	427,630,933,556
410	I. Capital	17	494,890,081,607	427,630,933,556
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		133,369,281,607	66,110,133,556
421a	4.1. Accumulated undistributed profit of previous years		22,026,717,077	22,026,717,077
421b	4.2. Undistributed profit of current year		111,342,564,530	44,083,416,479
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,527,331,689,097	1,553,844,874,838

Ms. Pham Thu Trang
Chief Accountant

Mr. Hideaki Maeomote
General Director

26 March 2020



INCOME STATEMENT



PART I: COMPREHENSIVE INCOME STATEMENT

for the year ended 31 December 2019

Currency: VND

Code	ITEMS	Current year	Previous year
10	1. Total operating income	364,476,288,995	322,540,600,091
12	2. Finance income	50,861,065,861	46,266,756,878
13	3. Other income	36,316,314	102,607,885
20	4. Total direct operating expenses	165,768,789,847	156,527,447,835
22	5. Finance expense	2,891,936,507	2,119,380,503
23	6. General and administrative expenses	101,388,009,518	91,784,180,348
24	7. Other expenses	37,515,728	57,932,805
50	8. Profit before corporate income tax (50 = 10 + 12 + 13 - 20 - 22 - 23 - 24)"	145,287,419,570	118,421,023,363
51	9. Current corporate income tax	28,084,720,066	24,649,006,017
52	10. Deferred income tax expense	-	-
60	11. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)	117,202,699,504	93,772,017,346



PART II: OPERATIONAL INCOME STATEMENT

for the year ended 31 December 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
1	1. Insurance revenue (01 = 01.1 + 01.2 - 01.3)	18	676,591,652,934	579,702,499,408
	<i>In which:</i>			
1.1	Direct written premiums	18.1	643,853,669,353	538,926,040,309
1.2	Reinsurance premium assumed	18.2	51,914,449,481	127,283,843,928
1.3	Increase in un-earned premium reserve	16.1	19,176,465,900	86,507,384,829
2	2. Reinsurance premium ceded (02 = 02.1 - 02.2)	19	413,358,955,235	339,414,040,118
	<i>In which:</i>			
2.1	Reinsurance premium ceded	19.1	430,716,112,346	417,335,466,019
2.2	Increase in ceded premium reserve	16.1	17,357,157,111	77,921,425,901
3	3. Net insurance premiums (03 = 01 - 02)		263,232,697,699	240,288,459,290
4	4. Commission on reinsurance ceded and other insurance income (04 = 04.1 + 04.2)	20	101,243,591,296	82,252,140,801
	<i>In which:</i>			
4.1	Commission on reinsurance ceded	20.1	87,632,747,095	69,816,664,268
4.2	Other income from insurance activities	20.2	13,610,844,201	12,435,476,533
10	5. Total net revenue from insurance busi- ness (10 = 03 + 04)		364,476,288,995	322,540,600,091
11	6. Claim expenses (11 = 11.1 - 11.2)		249,697,083,303	222,657,256,662
	<i>In which:</i>			
11.1	Claim expenses		255,681,008,111	224,656,566,033
11.2	Claim expense reductions		5,983,924,808	1,999,309,371
12	7. Recoveries from reinsurance ceded	21.3	159,489,951,662	136,197,628,411
13	8. (Decrease)/increase in direct and as- sumed claim reserve	16.1	(118,702,331,171)	55,270,731,961
14	9. (Decrease)/increase in ceded claim reserve	16.1	(130,548,338,217)	40,717,781,852
15	10. Net claim expenses (15 = 11 - 12 + 13 - 14)	21	102,053,138,687	101,012,578,360



PART II: OPERATIONAL INCOME STATEMENT (continued)

for the year ended 31 December 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
16	11. Increase in catastrophe reserve	16.2	7,951,560,195	7,466,232,546
17	12. Other operating expenses (17 = 17.1 + 17.2)		55,764,090,965	48,048,636,929
	In which:			
17.1	Commission expense	7	43,722,277,543	37,378,422,604
17.2	Other underwriting expenses	22	12,041,813,422	10,670,214,325
18	13. Total direct operating expenses (18 = 15 + 16 + 17)		165,768,789,847	156,527,447,835
19	14. Gross insurance operating profit (19 = 10 - 18)		198,707,499,148	166,013,152,256
23	15. Finance income	23	50,861,065,861	46,266,756,878
24	16. Finance expense	24	2,891,936,507	2,119,380,503
25	17. Profit from financial activities (25 = 23 - 24)		47,969,129,354	44,147,376,375
26	18. General and administrative expenses	25	101,388,009,518	91,784,180,348
30	19. Net operating income (30 = 19 + 25 - 26)		145,288,618,984	118,376,348,283
31	20. Other income	26	36,316,314	102,607,885
32	21. Other expenses	26	37,515,728	57,932,805
40	22. Net other (loss)/profit (40 = 31 - 32)		(1,199,414)	44,675,080
50	23. Profit before corporate income tax (50 = 30 + 40)		145,287,419,570	118,421,023,363
51	24. Current corporate income tax	27	28,084,720,066	24,649,006,017
52	25. Deferred income tax expense	27	-	-
60	26. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)		117,202,699,504	93,772,017,346

Ms. Pham Thu Trang
Chief Accountant



Mr. Hideaki Maeomote
General Director

26 March 2020

CASH FLOW STATEMENT

for the year ended 31 December 2019

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		847,943,231,269	742,483,932,864
2	Payments to suppliers		(628,230,096,820)	(595,045,937,773)
3	Payment to employees		(63,053,250,603)	(60,909,147,010)
5	Payment of corporate income tax	13	(28,039,474,104)	(22,394,679,846)
6	Receipts from other operating activities		66,061,017,740	90,772,176,772
7	Payment of other operating activities		(77,545,486,134)	(62,412,374,636)
20	Net cash inflows from operating activities		117,135,941,348	92,493,970,371
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Payment to purchase fixed assets and constructions		(34,012,000)	(434,846,500)
22	Receipts on disposals of fixed assets		-	-
23	Disbursement for loans and purchase of investment securities		(872,986,226,891)	(770,366,567,602)
24	Receipts from loans and sale of investment securities		778,798,871,233	712,986,034,227
27	Receipts from investment interest and dividends		62,101,979,983	40,179,101,066
30	Net cash flow used in investing activities		(32,119,387,675)	(17,636,278,809)
III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
36	Distributed profit paid		(88,967,022,171)	(79,235,204,474)
40	Net cash flow used in financial activities		(88,967,022,171)	(79,235,204,474)
50	Net change in cash and cash equivalents		(3,950,468,498)	(4,377,512,912)
60	Cash and cash equivalents at the beginning of the year	4	15,548,486,858	19,902,343,808
61	Impact of exchange rate fluctuation		(130,717,551)	23,655,962
70	Cash and cash equivalents at the end of the year	4	11,467,300,809	15,548,486,858

Ms. Pham Thu Trang
Chief Accountant



Mr. Hideaki Maeomote
General Director

26 March 2020



NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2019 and for the year then ended

1. CORPORATE INFORMATION

Baoviet Tokio Marine Insurance Company Limited (“The Company”) was a joint-venture among Bao Viet Holdings, Commercial Union Assurance Company Plc and Tokio Marine and Fire Insurance Co., Ltd. The Company was established under the Investment Licence No. 1639/GP issued by the Ministry of Planning and Investment on 5 August 1996. 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/KDBH	19 April 2018

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.

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 2019 is VND 300,000,000,000.

Total number of employees of the Company as at 31 December 2019 is 133 people (as at 31 December 2018: 123 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

3.1 Change in 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 2018, except for:

Circular No. 48/2019/BTC dated 8 August 2019 providing guidance on making and using of provisions for devaluation of inventory, losses of financial investments, doubtful receivables and warranty at enterprises (“Circular No. 48”).

On 8 August 2019, the Ministry of Finance issued Circular No. 48 to provide a basis for determination of deductible expenses in determining taxable income. Accordingly, changes regulated by Circular No. 48 include:

- Amending and supplementing the method for making provision for diminution in value of financial investments;
- Supplementing circumstances where receivables are provisioned for.

Circular No. 48 has taken effect since 10 October 2019 and is applied for financial year starting from 2019, replacing Circular No. 228/2009/TT-BTC dated 7 December 2009, Circular No. 34/2011/TT-BTC dated 14 March 2011 and Circular No. 89/2013/TT-BTC dated 28 June 2013

3.2 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.

3.3 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%



3.4 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.

3.5 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.

3.6 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

3.7 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.



3.8 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.

3.9 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.

3.10 Severance allowance

3.10.1 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.

3.10.2 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.

3.11 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:

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

(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 2019, 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 2019.



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:

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

(ii) 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.



3.12 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 during the year and arisen from the translation of monetary accounts denominated in foreign currencies at year-end are taken to the income statement.

3.13 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.



3.14 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.



3.15 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.

3.16 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.

3.17 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).

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.

3.18 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.

3.19 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 the family of any such individual.



4. CASH AND CASH EQUIVALENTS

Currency: VND

	Ending balance	Beginning balance
Cash	11,467,300,809	11,248,486,858
Cash on hand (VND)	67,301,079	25,958,579
Cash at bank	11,399,999,730	11,222,528,279
<i>In which:</i>		
VND	6,967,396,790	10,549,585,444
Foreign currency	4,432,602,940	672,942,835
Cash equivalents	-	4,300,000,000
Term deposit in VND	-	4,300,000,000
	11,467,300,809	15,548,486,858

5. FINANCIAL INVESTMENTS

		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		705,420,000,000	614,311,250,000
- Term deposits	(iii)	705,420,000,000	614,311,250,000
Long-term		102,557,781,805	114,736,573,104
- Term deposits	(iii)	-	11,600,000,000
- Bonds	(iv)	102,557,781,805	103,136,573,104
		807,977,781,805	729,047,823,104
Net value of investments		816,407,781,805	737,477,823,104

(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 5.30% to 7.50%/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	29,510,594,247	20,894,029,498
- Premium receivable from the Insured	11,079,457,471	10,286,412,476
- Premium receivable from brokers	18,099,630,467	10,149,808,118
- Premium receivable from agents	331,506,309	457,808,904
Reinsurance assumed receivables	160,472,147	1,415,918,940
Reinsurance ceded receivables	16,673,435,704	22,611,681,354
Receivables from co-insurers	3,613,127,581	3,671,054,732
- Claims recoveries from co-insurers	1,562,118,125	2,202,507,443
- Other receivables from co-insurers	2,051,009,456	1,468,547,289
	49,957,629,679	48,592,684,524
Other trade receivables		
Receivables from claim handling services	7,996,284,623	5,937,172,628
Other trade receivables	544,703,814	1,174,475,937
	8,540,988,437	7,111,648,565
Other short-term receivables		
Bank deposit interest receivables	19,594,965,020	17,357,197,196
Bond coupon receivables	5,110,655,738	5,124,657,534
Deposit for third party claim handling service	1,500,000,000	1,050,000,000
Advances, other short-term deposits	482,618,182	116,910,367
Other receivables	654,048,975	609,333,862
	27,342,287,915	24,258,098,959
Total receivables	85,840,906,031	79,962,432,048
Allowance for doubtful debts	(363,493,081)	(383,301,545)
Net current account receivables	85,477,412,950	79,579,130,503



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

	Ending balance	Beginning balance
Opening balance	13,959,938,455	13,018,598,711
Paid commission during the year	44,567,797,441	38,319,762,348
Allocated commission during the year	(43,722,277,543)	(37,378,422,604)
Closing balance	14,805,458,353	13,959,938,455

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	4,780,915,188	8,642,351,552
Additions during the year	-	30,920,000	30,920,000
Ending balance	3,861,436,364	4,811,835,188	8,673,271,552
Accumulated depreciation:			
Beginning balance	(1,619,393,477)	(4,029,477,901)	(5,648,871,378)
Charge for the year	(641,811,816)	(320,787,000)	(962,598,816)
Ending balance	(2,261,205,293)	(4,350,264,901)	(6,611,470,194)
Net book value:			
Beginning balance	2,242,042,887	751,437,287	2,993,480,174
Ending balance	1,600,231,071	461,570,287	2,061,801,358
Net value of investments		816,407,781,805	737,477,823,104



10. INTANGIBLE FIXED ASSETS

Currency: VND

	Software	Total
Cost:		
Beginning balance	5,293,594,344	5,293,594,344
Additions during the year	-	-
Ending balance	5,293,594,344	5,293,594,344
Accumulated depreciation:		
Beginning balance	(4,970,042,254)	(4,970,042,254)
Charge for the year	(111,249,996)	(111,249,996)
Ending balance	(5,081,292,250)	(5,081,292,250)
Net book value:		
Beginning balance	323,552,090	323,552,090
Ending balance	212,302,094	212,302,094

11. LONG-TERM PREPAID EXPENSE

Currency: VND

	Ending balance	Beginning balance
Tools and equipment	1,996,725,380	1,436,515,292
Office renovations	1,261,727,111	836,369,067
Others	4,551,852,624	2,463,989,411
	7,810,305,115	4,736,873,770



12. TRADE PAYABLES

Currency: VND

	Ending balance	Beginning balance
Insurance payables		
Payables for ceded activities	117,505,011,104	89,922,310,827
Payables to co-insurers	2,940,833,791	2,823,501,247
Commission payables	5,924,956,652	5,248,797,086
Other payables from insurance business	1,387,923,712	1,697,423,835
	127,758,725,259	99,692,032,995
Other trade payables		
Assessment fee for Financial Risk and Credit Policies	1,320,748,382	373,856,800
IT fee	3,977,150,755	1,898,666,371
Compulsory fire and explosion fund and compulsory TPL fund	1,783,691,279	969,399,564
Survey fee payable	513,671,648	137,477,844
Other trade payables	2,505,680,615	1,535,860,639
	10,100,942,679	4,915,261,218
	137,859,667,938	104,607,294,213

13. TAXES AND OTHER STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Movement during the year		Ending balance
		Payables	Paid	
Value added tax	2,959,152,948	33,124,243,146	(33,514,117,919)	2,569,278,175
Corporate income tax	7,347,520,108	28,084,720,066	(28,039,474,104)	7,392,766,070
Personal income tax	112,636,942	5,721,501,992	(5,832,973,317)	1,165,617
Foreign contractor tax	3,936,313,419	1,059,717,438	(1,115,038,959)	3,880,991,898
	14,355,623,417	67,990,182,642	(68,501,604,299)	13,844,201,760



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

	Ending balance	Beginning balance
Opening balance	28,881,220,989	25,371,991,412
Increased during the year	93,066,607,188	73,325,893,845
Allocated during the year	(87,632,747,095)	(69,816,664,268)
Closing balance	34,315,081,082	28,881,220,989

15. OTHER SHORT – TERM PAYABLES

Currency: VND

	Ending balance	Beginning balance
Payables on management fee and other payables for investing activities	-	267,551,614
Distributed profit payables	-	45,000,000,000
Other payables	170,985,648	96,690,019
	170,985,648	45,364,241,633



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	251,164,376,671	(183,197,758,389)	67,966,618,282
Claim reserves	590,142,180,968	(504,176,022,037)	85,966,158,931
Outstanding claim reserve	572,148,707,935	(504,176,022,037)	67,972,685,898
Incurred but not reported claim reserve	17,993,473,033	-	17,993,473,033
Total	841,306,557,639	(687,373,780,426)	153,932,777,213
Ending 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

16.1.1 Unearned premium reserve

Unearned Gross and Assumed Premium Reserves

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	24,937,170,059	23,860,602,382
Property and Damages Insurance	173,334,874,174	159,233,720,728
Cargo Insurance	8,389,380,656	8,499,768,714
Automobile Insurance	8,872,727,546	12,504,171,046
Fire Insurance	234,391,990	267,512,113
Marine Hull and P&I Insurance	476,259,470	1,554,988,768
Liability Insurance	27,084,564,123	22,379,169,792
Business Risk Insurance	7,584,536,983	5,437,444,658
Financial Risk and Credit Insurance	19,426,937,570	17,426,998,470
	270,340,842,571	251,164,376,671



Unearned ceded premium reserve (Reinsurance assets)

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	995,620,167	878,336,732
Property and Damages Insurance	161,110,516,872	148,440,675,447
Cargo Insurance	2,041,695,629	2,020,384,543
Automobile Insurance	182,216,785	126,881,375
Fire Insurance	113,183,840	100,961,461
Marine Hull and P&I Insurance	470,381,690	1,534,926,435
Liability Insurance	10,631,975,983	9,005,220,557
Business Risk Insurance	7,414,115,950	5,304,377,352
Financial Risk and Credit Insurance	17,595,208,584	15,785,994,487
	200,554,915,500	183,197,758,389

16.1.2 Claim reserve

Direct and Reinsurance assumed claim reserve

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance	8,296,029,688	10,145,790,539
Property and Damages Insurance	257,655,526,509	412,574,940,855
Cargo Insurance	49,022,798,802	54,014,611,049
Automobile Insurance	16,728,754,048	11,648,369,393
Fire Insurance	-	1,325,508,800
Liability Insurance	17,286,704,979	8,943,690,833
Business Risk Insurance	1,104,056,542	16,530,484,892
Financial Risk and Credit Insurance	121,345,979,229	74,958,784,607
	471,439,849,797	590,142,180,968

Reinsurance ceded claim reserve (Reinsurance assets)

Currency: VND

Product	Ending balance	Beginning balance
Property and Damages Insurance	241,021,079,917	398,819,061,948
Cargo Insurance	20,720,029,430	22,316,524,185
Fire Insurance	-	1,259,233,360
Liability Insurance	11,116,226,311	185,902,752
Business Risk Insurance	1,055,924,995	16,152,831,228
Financial Risk and Credit Insurance	99,714,423,167	65,442,468,564
	373,627,683,820	504,176,022,037



16.2 Catastrophe reserve

Currency: VND

Product	Ending balance	Beginning balance
Health and Personal Accident Insurance		
Property and Damages Insurance	7,569,449,071	6,627,725,653
Cargo Insurance	24,797,148,587	22,331,680,726
Automobile Insurance	11,340,597,149	10,543,286,747
Fire Insurance	245,497,563	237,044,815
Marine Hull and P&I Insurance	111,262,067	110,007,694
Liability Insurance	9,868,318,443	8,552,436,645
Business Risk Insurance	144,960,867	133,774,973
Financial Risk and Credit Insurance	660,483,237	439,284,591
	66,425,709,738	58,474,149,543

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	58,474,149,543	51,007,916,997
Increased during the year	7,951,560,195	7,466,232,546
Closing balance	66,425,709,738	58,474,149,543



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	101,261,921,551	31,520,800,000	462,782,721,551
Distributed profit for 2017	-	-	(79,235,204,474)	-	(79,235,204,474)
Advance distributed profit for 2018 (**)	-	-	(45,000,000,000)	-	(45,000,000,000)
Profit for the year	-	-	93,772,017,346	-	93,772,017,346
Appropriation of profit to bonus and welfare fund	-	-	(4,688,600,867)	-	(4,688,600,867)
Ending balance	300,000,000,000	30,000,000,000	66,110,133,556	31,520,800,000	427,630,933,556
Current year					
Beginning balance	300,000,000,000	30,000,000,000	66,110,133,556	31,520,800,000	427,630,933,556
Remaining 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

(*) The balance of foreign exchange translation reserve of VND 31,520,800,000 as at 31 December 2019 represents the foreign exchange difference resulted from the conversion of accounting currency from USD to VND in 2008.

(**) On 29 March 2019, Members' Council approved the Resolution No. 07/2019/NQ-HĐTV on profit distribution for 2018. Accordingly, in 2018, the Company recorded advance distributed profit of VND 45,000,000,000; the Company recorded the remaining distributed profit of VND 44,083,416,479 in 2019.



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	44,083,416,479	124,235,204,474

18. REVENUE

Currency: VND

	Current year	Previous year
Gross written premiums	653,093,487,489	546,115,662,516
Deductions	(9,239,818,136)	(7,189,622,207)
Net direct premium	643,853,669,353	538,926,040,309
Reinsurance assumed premiums	52,259,162,496	131,475,372,941
Deductions	(344,713,015)	(4,191,529,013)
Net assumed premium	51,914,449,481	127,283,843,928
Increase in un-earned premium reserve	(19,176,465,900)	(86,507,384,829)
	676,591,652,934	579,702,499,408



18.1 Gross written premiums

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	76,022,113,192	66,887,833,645
Property and Damages Insurance	272,685,986,595	203,182,115,140
Cargo Insurance	106,236,190,016	104,718,760,353
Automobile Insurance	27,247,387,474	36,144,911,568
Fire Insurance	506,572,840	423,543,725
Marine Hull and P&I Insurance	3,375,785,742	4,046,799,284
Liability Insurance	69,130,640,657	55,967,125,994
Business Risk Insurance	16,502,314,132	12,201,891,311
Financial Risk and Credit Insurance	72,146,678,705	55,353,059,289
	643,853,669,353	538,926,040,309

18.2 Reinsurance assumed premiums

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	91,785,400	146,863,257
Property and Damages Insurance	44,436,066,175	119,502,367,820
Cargo Insurance	1,042,936,896	1,130,521,147
Automobile Insurance	-	221,450,693
Fire Insurance	158,955,722	112,720,379
Liability Insurance	3,118,149,531	3,370,114,028
Business Risk Insurance	886,895,766	681,512,336
Financial Risk and Credit Insurance	2,179,659,991	2,118,294,268
	51,914,449,481	127,283,843,928



19. REINSURANCE PREMIUMS CEDED

Currency: VND

	Current year	Previous year
Reinsurance premium ceded	430,716,112,346	417,335,466,019
Increase in ceded premium reserve	(17,357,157,111)	(77,921,425,901)
	413,358,955,235	339,414,040,118

19.1 Reinsurance premium ceded

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	3,144,396,783	2,538,087,325
Property and Damages Insurance	285,731,272,167	295,950,871,117
Cargo Insurance	25,096,864,864	28,715,429,908
Automobile Insurance	670,374,073	371,690,773
Fire Insurance	383,770,302	242,452,493
Marine Hull and P&I Insurance	3,333,973,293	3,997,489,425
Liability Insurance	28,386,063,581	21,395,259,263
Business Risk Insurance	17,016,346,764	12,572,964,281
Financial Risk and Credit Insurance	66,953,050,519	51,551,221,434
	430,716,112,346	417,335,466,019



20. COMMISSION ON REINSURANCE CEDED AND OTHER INSURANCE INCOME

Currency: VND

	Current year	Previous year
Commission on reinsurance ceded	87,632,747,095	69,816,664,268
Other income from insurance activities	13,610,844,201	12,435,476,533
	101,243,591,296	82,252,140,801

20.1 Commission on reinsurance ceded

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	193,308,036	51,583,903
Property and Damages Insurance	58,945,416,687	47,246,969,675
Cargo Insurance	4,651,323,238	3,827,378,113
Automobile Insurance	146,493,456	62,255,491
Fire Insurance	83,607,068	91,463,339
Marine Hull and P&I Insurance	1,180,934,022	880,400,344
Liability Insurance	5,143,187,617	4,759,562,102
Business Risk Insurance	3,826,703,727	3,541,171,156
Financial Risk and Credit Insurance	13,461,773,244	9,355,880,145
TOTAL	87,632,747,095	69,816,664,268

20.2 Other income from insurance activities

Currency: VND

	Current year	Previous year
Claim settling Agent income	9,835,118,262	8,282,919,592
Handling charge income	1,600,690,482	1,466,618,783
Other income	2,175,035,457	2,685,938,158
	13,610,844,201	12,435,476,533



21. CLAIM EXPENSES

Currency: VND

	Current year	Previous year
Direct claim expenses and claim expenses on inward reinsurance	255,681,008,111	224,656,566,033
Direct claim expense	169,286,244,578	213,391,870,451
Claim expense on inward reinsurance	86,394,763,533	11,264,695,582
Recovery from third party, recovery from 100% compensated goods	(5,983,924,808)	(1,999,309,371)
Recovery from reinsurance ceded	(159,489,951,662)	(136,197,628,411)
(Decrease)/increase in gross claim reserve and reinsurance assumed claim reserve	(118,702,331,171)	55,270,731,961
Decrease/(increase) in outward reinsurance claim reserve	130,548,338,217	(40,717,781,852)
	102,053,138,687	101,012,578,360

21.1 Direct claim expense

Currency: VND

Product	Current year	Previous year
Health Insurance and Personal Accident Insurance	36,698,694,929	28,622,838,219
Property and Damages Insurance	48,489,671,091	115,933,516,306
Cargo Insurance	23,074,920,220	43,043,881,298
Automobile Insurance	11,339,616,463	10,703,343,245
Marine Hull and P&I Insurance	-	262,980,000
Liability Insurance	12,520,776,622	9,532,403,127
Business Risk Insurance	12,111,678,497	867,314,987
Financial Risk and Credit Insurance	25,050,886,756	4,425,593,269
TOTAL	169,286,244,578	213,391,870,451



21.2 Claim expenses on reinsurance assumed

Currency: VND

Product	Current year	Previous year
Health Insurance and Personal Accident Insurance	46,467,569	87,226,333
Property and Damages Insurance	85,008,512,530	10,812,272,441
Cargo Insurance	35,905,631	67,346,126
Fire Insurance	865,046,404	-
Liability Insurance	235,867,237	297,850,682
Financial Risk and Credit Insurance	202,964,162	-
TOTAL	86,394,763,533	11,264,695,582

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	120,439,846,989	108,824,822,634
Cargo Insurance	4,850,925,492	22,117,987,144
Automobile Insurance	6,054,300	252,750
Fire Insurance	821,794,083	-
Marine Hull and P&I Insurance	-	262,893,217
Liability Insurance	609,472,482	233,252,372
Business Risk Insurance	11,812,237,497	857,165,324
Financial Risk and Credit Insurance	19,393,602,627	3,901,254,970
Total	159,489,951,662	136,197,628,411



22. OTHER OPERATING EXPENSES

Currency: VND

	Current year	Previous year
Underwriting risk survey expenses	3,146,748,792	2,056,049,825
Agent management fee	770,748,458	694,725,000
Handling charged	1,461,652,264	1,437,921,981
Loss prevention	82,251,995	19,977,315
Statutory contributions	1,899,925,038	1,577,270,520
Others	4,680,486,875	4,884,269,684
	12,041,813,422	10,670,214,325

23. FINANCE INCOME

	Current year	Previous year
Interest income from deposits	40,933,903,565	33,954,528,440
Interest income from bonds	8,685,998,204	8,699,999,999
Dividend received from Vinare	802,620,000	802,620,000
Foreign exchange gains	438,544,092	2,809,608,439
	50,861,065,861	46,266,756,878

24. FINANCE EXPENSE

	Current year	Previous year
Management fee	2,225,724,067	1,103,957,532
Foreign exchange losses	666,212,440	1,015,422,971
	2,891,936,507	2,119,380,503



25. GENERAL AND ADMINISTRATIVE EXPENSES

Currency: VND

	Current year	Previous year
Employee expense	66,126,673,678	59,862,906,012
Material, tool and equipment expense	2,617,858,330	2,620,926,000
IT consultancy fee	9,121,712,002	7,069,064,597
Depreciation expense	1,073,848,812	1,042,801,207
Tax, fee, and charge	703,625,071	628,746,168
Office rental and office renewal expense	9,528,225,132	8,764,324,117
Outsourcing expenses	11,924,439,569	11,567,773,631
(Reversal of)/additional provision for doubtful debts	(19,808,464)	207,441,616
Others	311,435,388	20,197,000
	101,388,009,518	91,784,180,348

26. OTHER INCOME AND EXPENSES

	Current year	Previous year
Gain from disposal assets	-	5,272,727
Other income	36,316,314	97,335,158
	36,316,314	102,607,885
Other expenses	37,515,728	57,932,805
Net other (Loss)/profit	(1,199,414)	44,675,080



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	28,084,720,066	24,649,006,017
Deferred tax expense	-	-
Total	28,084,720,066	24,649,006,017

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	145,287,419,570	118,421,023,363
At CIT rate of 20%	29,057,483,914	23,684,204,673
<i>Adjustments to increase</i>		
Non-deductible expenses	204,349,217	164,067,935
Members' council remuneration	199,014,084	189,700,512
Other increase	270,442,000	854,662,907
<i>Adjustments to decrease</i>		
Dividend income	(160,524,000)	(160,524,000)
Other decrease	(1,486,045,149)	(83,106,010)
CIT expense	28,084,720,066	24,649,006,017

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	12,425,174,822	12,220,903,874
From 1 to 5 years	5,225,603,040	5,238,660,000
	17,650,777,862	17,459,563,874

Operating lease commitments

Currency: VND

ITEMS	Ending balance	Beginning balance
Insurance policies signed but not yet effective (VND)	51,831,380,887	35,069,556,601
Ceded Insurance policies signed but for which no obligations have arisen on the part of the Company (VND)	30,722,537,400	17,402,275,610
Foreign currency (USD)	3,816,722	3,654,051



29. TRANSACTIONS WITH RELATED PARTIES

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

Currency: VND				
Related parties	Relationship	Transactions	Current year	Previous year
Tokio Marine Asia Pte. Ltd	Joint-Owner	Distributed profit paid in the year	(45,432,542,404)	(40,409,954,282)
		Consultancy fee of IT	(3,570,126,495)	(3,528,703,137)
		Consultancy fee of internal audit, compliance and risk management	(124,525,880)	(255,895,519)
		Underwriting risk survey fee	(1,171,293,988)	(488,200,080)
Bao Viet Holdings	Joint-Owner	Distributed profit paid in the year	(43,650,874,075)	(38,825,250,192)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Reinsurance inward premiums	189,076,377	-
		Reinsurance inward commission	(51,050,622)	-
		Reinsurance inward claim expense	(266,559,727)	(2,088,501,493)
		Reinsurance outward premiums	(24,772,267,247)	(24,129,433,539)
		Reinsurance outward Commission	5,655,929,813	6,158,517,051
		Claim recovery reinsurance outward	86,795,617,333	17,385,641,016
		Handling charge	-	(3,550,747)
		Co-insurance premium	4,317,519,454	2,288,705,426
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte. Ltd	Claims Settling Agent Fee	9,145,834,087	7,487,921,489
		Reinsurance outward premiums	(125,104,629,107)	(171,530,303,891)
		Reinsurance outward Commission	24,369,418,196	19,866,507,157
		Claim recovery reinsurance outward	20,832,798,783	9,615,257,140



Amounts due to and due from related parties as at 31 December 2019 and 2018 were as follows:

Related parties	Relationship	Transactions	Ending balance Receivables/ (Payables)	Beginning balance Receivables/ (Payables)
Tokio Marine Asia Pte. Ltd	Joint-Owner	Consultancy fee of IT payables	(1,795,405,858)	(1,898,666,371)
		Distributed profit	-	(22,950,000,000)
Bao Viet Holdings	Joint-Owner	Distributed profit	-	(22,050,000,000)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Reinsurance outward payables	(6,581,070,835)	(6,315,549,555)
		Reinsurance outward receivables	3,149,726,725	5,480,881,647
		Co-insurance payables	(12,168,993,445)	(7,262,713,564)
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte. Ltd	Claims Settling Agent Fee receivables	7,996,287,838	5,937,172,628
		Reinsurance outward payables	(23,662,739,325)	(14,703,344,765)
		Reinsurance outward receivables	2,134,116,294	531,824,636

Remuneration of the Members' Council and salaries, bonus of the Members' Council in 2019: VND 995,070,421 (in 2018: VND 948,502,558).

The Members' Council remuneration policies are in accordance with the decision of Members' Council and in consistency with those applied in the financial year ended as at 31 December 2018.



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 2019	450,745	82,950	543.39%
31 December 2018	390,703	71,207	548.69%

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:

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



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
	2015	2016	2017	2018	2019	
At end of accident year	1	2	3	4	5	
I. Estimate of cumulative claims incurred						
1	52,805	72,038	81,789	97,352	97,936	
2	57,991	72,569	83,383	97,220		
3	57,704	70,162	79,354			
4	57,614	70,755				
5	57,614					
Current estimate of cumulative claims incurred (1)	57,614	70,755	79,354	97,220	97,936	402,879
II. Cumulative claim payment						
1	32,272	33,442	39,718	47,835	56,639	
2	50,732	62,803	73,745	74,528		
3	56,665	66,545	77,037			
4	57,596	70,111				
5	57,597					
Cumulative claim payment to date (2)	57,597	70,111	77,037	74,528	56,639	335,912
III. Net outstanding claim reserve (3) = (1) - (2)	17	644	2,317	22,692	41,297	66,967
IV. Current estimate of surplus (4)	(4,809)	1,283	2,435	132	-	(959)
V. Percentage of current estimate of surplus over current estimate of cumulative claims incurred (5) = (4)/(1)*100%	(8.35%)	1.81%	3.07%	0.14%	-	(0.24%)



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 on equity	Impact on profit before tax	Impact on equity
31 December 2019		
+5%	4,052,728,284	on equity
-5%	(4,052,728,284)	(3,242,182,627)
31 December 2018		
+5%	3,900,285,638	3,120,228,511
-5%	(3,900,285,638)	(3,120,228,511)

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 2019 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

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	116,691,230,638	-	-	116,691,230,638
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	108,261,230,638	-	-	108,261,230,638
Loans and receivables	737,694,730,002	-	923,616,164	738,618,346,166
Term deposits	643,234,106,100	-	-	643,234,106,100
Statutory deposit	8,683,125,000	-	-	8,683,125,000
Cash equivalents	4,334,341,096	-	-	4,334,341,096
Insurance receivables	47,669,068,360	-	923,616,164	48,592,684,524
Other receivables from customers	7,720,982,427	-	-	7,720,982,427
Other assets	26,053,107,019	-	-	26,053,107,019
Cash	11,248,486,858	-	-	11,248,486,858
	865,634,447,498	-	923,616,164	866,558,063,662

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:

Currency: VND

	Overdue	Up to one year	More than one year	No maturity date	Total
Ending 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



Currency: VND

	Overdue	Up to one year	More than one year	No maturity date	Total
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
Beginning balance					
Financial assets					
Available-for-sale	-	-	108,261,230,638	8,430,000,000	116,691,230,638
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	108,261,230,638	-	108,261,230,638
Loans and receivables	923,616,164	726,092,410,002	11,602,320,000	-	738,618,346,166
Term deposits	-	631,631,786,100	11,602,320,000	-	643,234,106,100
Statutory deposit	-	8,683,125,000	-	-	8,683,125,000
Cash equivalents	-	4,334,341,096	-	-	4,334,341,096
Insurance receivables	923,616,164	47,669,068,360	-	-	48,592,684,524
Other receivables from customers	-	7,720,982,427	-	-	7,720,982,427
Other assets	-	26,053,107,019	-	-	26,053,107,019
Cash	-	11,248,486,858	-	-	11,248,486,858
	923,616,164	737,340,896,860	119,863,550,638	8,430,000,000	866,558,063,662
Financial liabilities					
Trade payables	-	104,607,294,213	-	-	104,607,294,213
Other payables	-	45,364,241,633	-	-	45,364,241,633
	-	149,971,535,846	-	-	149,971,535,846
Net liquidity	923,616,164	587,369,361,014	119,863,550,638	8,430,000,000	716,586,527,816



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 2019:

Currency: VND

	Carrying amount				Fair value
	Cost	Accrued interest	Provision	Total	
31 December 2018					
Financial assets					
Available for sale	110,987,781,805	5,110,655,738	-	116,098,437,543	130,124,197,023
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	107,668,437,543
Loan and receivables	802,624,803,396	19,594,965,020	-363,493,081	821,856,275,335	821,856,275,335
Term deposits	705,420,000,000	19,594,965,020	-	725,014,965,020	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	49,594,136,598
Other receivables from customers	9,195,037,412	-	-	9,195,037,412	9,195,037,412
Other assets	29,385,886,305	-	-	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	963,447,773,167
Financial liabilities					
Trade payables	137,859,667,938	-	-	137,859,667,938	137,859,667,938
Other payables	170,985,648	-	-	170,985,648	170,985,648
	138,030,653,586	-	-	138,030,653,586	138,030,653,586



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 2018:

Currency: VND

	Carrying amount				Fair value
	Cost	Accrued interest	Provision	Total	
31 December 2018					
Financial assets					
Available for sale	111,566,573,104	5,124,657,534	-	116,691,230,638	130,899,082,314
Listed shares	8,430,000,000	-	-	8,430,000,000	22,637,851,676
Treasury bonds	103,136,573,104	5,124,657,534	-	108,261,230,638	108,261,230,638
Loan and receivables	721,261,148,970	17,357,197,196	-383,301,545	738,235,044,621	738,235,044,621
Term deposits	625,911,250,000	17,322,856,100	-	643,234,106,100	643,234,106,100
Statutory deposit	8,683,125,000	-	-	8,683,125,000	8,683,125,000
Cash equivalents	4,300,000,000	34,341,096	-	4,334,341,096	4,334,341,096
Insurance receivables	48,592,684,524	-	-383,301,545	48,209,382,979	48,209,382,979
Other receivables from customers	7,720,982,427	-	-	7,720,982,427	7,720,982,427
Other assets	26,053,107,019	-	-	26,053,107,019	26,053,107,019
Cash	11,248,486,858	-	-	11,248,486,858	11,248,486,858
	844,076,208,932	22,481,854,730	-383,301,545	866,174,762,117	880,382,613,793
Financial liabilities					
Trade payables	104,607,294,213	-	-	104,607,294,213	104,607,294,213
Other payables	45,364,241,633	-	-	45,364,241,633	45,364,241,633
	149,971,535,846	-	-	149,971,535,846	149,971,535,846



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 the balance sheet date that requires adjustment or disclosure in the financial statements of the Company.

Ms. Pham Thu Trang
Chief Accountant

26 March 2020



Mr. Hideaki Maeomote
General Director



**BAOVIET
TOKIO MARINE**
INSURANCE

