

# **Tokio Marine Insurance Vietnam Company Limited**

Financial Statements

For the year ended 31 December 2022



# Tokio Marine Insurance Vietnam Company Limited

Financial Statements

For the year ended 31 December 2022



# Tokio Marine Insurance Vietnam Company Limited

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# Tokio Marine Insurance Vietnam Company Limited

## GENERAL INFORMATION

### THE COMPANY

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

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

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

The Company's head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at 14th floor, Lim Tower 3, 29A Nguyen Dinh Chieu, Da Kao ward, 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. Shiro Ipposhi	Vice Chairperson	Appointed on 01 April 2022
Ms. Tran Thi Thu Thuy	Member	Appointed on 01 January 2020
Mr. Doan Viet Trang	Member	Appointed on 01 January 2020
Mr. Taisuke Obokata	Member	Appointed on 01 April 2022
Mr. Yasuhiro Takeda	Member	Appointed on 01 April 2022
Mr. Shinkichi Mike Miki	Vice Chairperson	Appointed on 01 April 2019 Resigned on 01 April 2022
Mr. Hideaki Maeomote	Member	Appointed on 20 April 2017 Resigned on 01 April 2022
Ms. Noriko Kojima	Member	Appointed on 01 April 2019 Resigned on 01 April 2022

### MANAGEMENT

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

Mr. Yasuhiro Takeda	General Director	Appointed on 18 April 2022
Ms. Duong Thi Thanh Toan	Deputy General Director	Appointed on 01 January 2019
Ms. Pham Thu Trang	Chief Accountant	Appointed on 01 January 2017
Mr. Hideaki Maeomote	General Director	Appointed on 20 April 2017 Resigned on 18 April 2022

# Tokio Marine Insurance Vietnam Company Limited

## GENERAL INFORMATION (continued)

### **LEGAL REPRESENTATIVE**

The legal representative of the Company from 01 January 2022 to 18 April 2022 is Mr. Hideaki Maeomote, General Director of the Company.

The legal representative of the Company from 18 April 2022 to the date of this report is Mr. Yasuhiro Takeda, General Director of the Company.

### **AUDITOR**

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

# Tokio Marine Insurance Vietnam Company Limited

## REPORT OF THE MEMBERS' COUNCIL

Members' Council of Tokio Marine Insurance Vietnam Company Limited ("the Company") is pleased to present its report and approve the financial statements for the year ended 31 December 2022.

### 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.

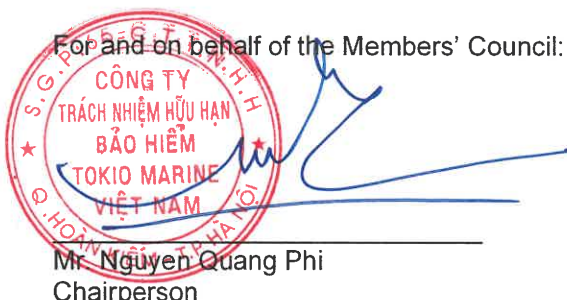
Management of the Company is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding 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 2022 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and statutory requirements relevant to preparation and presentation of financial statements.

For and on behalf of the Members' Council:



Mr. Nguyễn Quang Phi  
Chairperson

Hanoi, Vietnam

21 March 2023

Reference: 61370338/66764692

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Tokio Marine Insurance Vietnam Company Limited ("the Company") as prepared on 21 March 2023 and set out on pages 6 to 54, which comprise the balance sheet as at 31 December 2022, 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 2022 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**



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Trinh Hoang Anh  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2071-2023-004-1



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Huynh Nhat Hung  
Auditor  
Auditor Practising Registration  
Certificate No. 5040-2019-004-1

Ho Chi Minh City, Vietnam

22 March 2023



BALANCE SHEET  
as at 31 December 2022

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,505,429,228,356</b>	<b>1,552,797,864,827</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>28,557,097,289</b>	<b>20,323,943,871</b>
111	1. Cash		28,557,097,289	20,323,943,871
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>906,360,000,000</b>	<b>854,806,250,000</b>
121	1. Trading securities		8,430,000,000	8,430,000,000
123	2. Held-to-maturity investments		897,930,000,000	846,376,250,000
<b>130</b>	<b>III. Current account receivables</b>	<b>6</b>	<b>96,142,430,296</b>	<b>68,643,854,673</b>
131	1. Short-term trade receivables		61,785,246,453	41,486,628,897
131.1	1.1. Insurance receivables		56,516,248,473	38,777,160,906
131.2	1.2. Other trade receivables		5,268,997,980	2,709,467,991
135	2. Other short-term receivables		35,271,308,590	27,936,268,036
139	3. Allowance for doubtful debts		(914,124,747)	(779,042,260)
<b>140</b>	<b>IV. Inventories</b>		<b>46,774,544</b>	<b>28,174,545</b>
141	1. Inventories		46,774,544	28,174,545
<b>150</b>	<b>V. Other short-term assets</b>		<b>27,439,122,725</b>	<b>23,258,089,142</b>
151	1. Prepaid expenses		25,221,884,168	21,568,924,040
151.1	1.1. Unallocated commission expense	7	21,101,119,352	18,967,333,542
151.2	1.2. Other prepaid expenses		4,120,764,816	2,601,590,498
152	2. Deductible VAT		2,217,238,557	1,689,165,102
<b>190</b>	<b>VI. Reinsurance assets</b>	<b>16</b>	<b>446,883,803,502</b>	<b>585,737,552,596</b>
191	1. Reinsurance assets from unearned premium reserve	16.1.1	180,813,396,643	170,069,258,240
192	2. Reinsurance assets from claim reserve	16.1.2	266,070,406,859	415,668,294,356

BALANCE SHEET (continued)  
as at 31 December 2022

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>162,184,716,792</b>	<b>163,122,334,212</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>10,944,810,472</b>	<b>10,746,671,382</b>
216	1. Other long-term receivables		10,944,810,472	10,746,671,382
216.1	1.1. Statutory deposit	8	8,778,750,000	8,490,000,000
216.2	1.2. Other long-term receivables		2,166,060,472	2,256,671,382
<b>220</b>	<b>II. Fixed assets</b>		<b>7,505,196,308</b>	<b>8,054,209,670</b>
221	1. Tangible fixed assets	9	2,891,179,008	2,722,617,125
222	Cost		9,735,758,792	8,610,724,247
223	Accumulated depreciation		(6,844,579,784)	(5,888,107,122)
227	2. Intangible fixed assets	10	3,787,629,917	4,505,205,162
228	Cost		10,724,615,003	10,153,115,155
229	Accumulated amortisation		(6,936,985,086)	(5,647,909,993)
230	3. Work-in-process		826,387,383	826,387,383
<b>250</b>	<b>III. Long-term investments</b>	<b>5</b>	<b>138,819,822,178</b>	<b>137,168,613,477</b>
255	1. Held-to-maturity investments		138,819,822,178	137,168,613,477
<b>260</b>	<b>IV. Other non-current assets</b>		<b>4,914,887,834</b>	<b>7,152,839,683</b>
261	1. Long-term prepaid expense	11	4,914,887,834	7,152,839,683
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,667,613,945,148</b>	<b>1,715,920,199,039</b>

BALANCE SHEET (continued)  
as at 31 December 2022

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. TOTAL LIABILITIES</b>		<b>1,080,091,648,117</b>	<b>1,132,862,584,487</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,072,602,372,906</b>	<b>1,125,373,309,276</b>
311	1. Trade payables	12	263,873,993,176	214,598,955,037
311.1	1.1. Insurance payables		240,391,365,233	198,863,749,351
311.2	1.2. Other trade payables		23,482,627,943	15,735,205,686
313	2. Tax and other statutory obligations	13	18,658,522,189	14,538,233,876
314	3. Payables to employees		28,298,926,904	22,371,879,933
318	4. Short-term deferred revenue		6,926,169,840	1,130,811,831
318.1	5. Un-earned commission revenue	14	43,306,999,962	40,585,246,452
319	6. Other short-term payables	15	170,583,736	289,597,387
322	7. Bonus and welfare funds		15,595,942,728	15,959,189,840
329	8. Technical reserves	16	695,771,234,371	815,899,394,920
329.1	8.1. Gross un-earned premium reserve	16.1.1	263,357,843,985	244,700,899,111
329.2	8.2. Gross claim reserve	16.1.2	340,246,965,331	488,248,920,988
329.3	8.3. Catastrophe reserve	16.2	92,166,425,055	82,949,574,821
<b>330</b>	<b>II. Non-current liabilities</b>		<b>7,489,275,211</b>	<b>7,489,275,211</b>
341	1. Deferred tax liability	27.3	7,489,275,211	7,489,275,211
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>587,522,297,031</b>	<b>583,057,614,552</b>
<b>410</b>	<b>I. Capital</b>	<b>17</b>	<b>587,522,297,031</b>	<b>583,057,614,552</b>
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		226,001,497,031	221,536,814,552
421a	4.1. Accumulated undistributed profit of previous years		110,356,270,663	82,561,134,690
421b	4.2. Undistributed profit of current year		115,645,226,368	138,975,679,862
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,667,613,945,148</b>	<b>1,715,920,199,039</b>


Ms. Pham Thu Trang  
Chief Accountant

Mr. Yasuhiro Takeda  
General Director

21 March 2023

## INCOME STATEMENT

PART I: COMPREHENSIVE INCOME STATEMENT  
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Current year	Previous year
10	1. Total operating income	444,424,567,308	414,151,957,936
12	2. Finance income	58,601,285,199	51,324,917,705
13	3. Other income	80,255,014	71,727,273
20	4. Total direct operating expenses	201,945,043,973	154,833,624,439
22	5. Finance expense	5,336,353,101	4,831,950,444
23	6. General and administrative expenses	142,612,890,939	122,462,055,159
24	7. Other expenses	-	32,318,866
50	8. Profit before corporate income tax (50 = 10 + 12 + 13 - 20 - 22 - 23 - 24)	153,211,819,508	183,388,654,006
51	9. Current corporate income tax	31,480,002,279	37,098,464,676
52	10. Deferred income tax expense	-	-
60	11. Net profit for the year after corporate income tax (60 = 50 - 51 - 52)	121,731,817,229	146,290,189,330

## INCOME STATEMENT (continued)

PART II: OPERATIONAL INCOME STATEMENT  
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
<b>01</b>	<b>1. Insurance revenue</b> <b>(01 = 01.1 + 01.2 - 01.3)</b>	<b>18</b>	<b>883,901,253,085</b>	<b>850,433,620,441</b>
	<i>In which:</i>			
01.1	Direct written premiums	18.1	836,613,911,575	752,684,431,931
01.2	Reinsurance premium assumed	18.2	65,944,286,384	89,485,954,062
01.3	Increase/(Decrease) in un-earned premium reserve	16.1	18,656,944,874	(8,263,234,448)
<b>02</b>	<b>2. Reinsurance premium ceded</b> <b>(02 = 02.1 - 02.2)</b>	<b>19</b>	<b>584,585,718,373</b>	<b>564,565,159,220</b>
	<i>In which:</i>			
02.1	Reinsurance premium ceded	19.1	595,329,856,776	554,543,155,160
02.2	Increase/(Decrease) in ceded premium reserve	16.1	10,744,138,403	(10,022,004,060)
<b>03</b>	<b>3. Net insurance premiums</b> <b>(03 = 01 - 02)</b>		<b>299,315,534,712</b>	<b>285,868,461,221</b>
<b>04</b>	<b>4. Commission on reinsurance ceded and other insurance income</b> <b>(04 = 04.1 + 04.2)</b>	<b>20</b>	<b>145,109,032,596</b>	<b>128,283,496,715</b>
	<i>In which:</i>			
04.1	Commission on reinsurance ceded	20.1	131,381,928,718	116,411,844,115
04.2	Other income from insurance activities	20.2	13,727,103,878	11,871,652,600
<b>10</b>	<b>5. Total net revenue from insurance business</b> <b>(10 = 03 + 04)</b>		<b>444,424,567,308</b>	<b>414,151,957,936</b>
<b>11</b>	<b>6. Claim expenses (11 = 11.1 - 11.2)</b>		<b>234,957,888,538</b>	<b>227,890,508,850</b>
	<i>In which:</i>			
11.1	Claim expenses		250,588,701,393	234,419,920,193
11.2	Claim expense reductions		15,630,812,855	6,529,411,343
<b>12</b>	<b>7. Recoveries from reinsurance ceded</b>	<b>21.3</b>	<b>124,571,827,812</b>	<b>131,494,667,644</b>
<b>13</b>	<b>8. (Decrease)/Increase in direct and assumed claim reserve</b>	<b>16.1</b>	<b>(148,001,955,657)</b>	<b>182,728,584,087</b>
<b>14</b>	<b>9. (Decrease)/Increase in ceded claim reserve</b>	<b>16.1</b>	<b>(149,597,887,497)</b>	<b>204,542,322,931</b>
<b>15</b>	<b>10. Net claim expenses</b> <b>(15 = 11 - 12 + 13 - 14)</b>	<b>21</b>	<b>111,981,992,566</b>	<b>74,582,102,362</b>
<b>16</b>	<b>11. Increase in catastrophe reserve</b>	<b>16.2</b>	<b>9,216,850,233</b>	<b>8,628,816,925</b>

## INCOME STATEMENT (continued)

PART II: OPERATIONAL INCOME STATEMENT (continued)  
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
<b>17</b>	<b>12. Other operating expenses</b> <b>(17 = 17.1 + 17.2)</b>		<b>80,746,201,174</b>	<b>71,622,705,152</b>
	<i>In which:</i>			
17.1	Commission expense	7	66,396,963,871	60,944,440,733
17.2	Other underwriting expenses	22	14,349,237,303	10,678,264,419
<b>18</b>	<b>13. Total direct operating expenses</b> <b>(18 = 15 + 16 + 17)</b>		<b>201,945,043,973</b>	<b>154,833,624,439</b>
<b>19</b>	<b>14. Gross insurance operating profit</b> <b>(19 = 10 - 18)</b>		<b>242,479,523,335</b>	<b>259,318,333,497</b>
23	15. Finance income	23	58,601,285,199	51,324,917,705
24	16. Finance expense	24	5,336,353,101	4,831,950,444
<b>25</b>	<b>17. Profit from financial activities</b> <b>(25 = 23 - 24)</b>		<b>53,264,932,098</b>	<b>46,492,967,261</b>
26	18. General and administrative expenses	25	142,612,890,939	122,462,055,159
<b>30</b>	<b>19. Net operating income</b> <b>(30 = 19 + 25 - 26)</b>		<b>153,131,564,494</b>	<b>183,349,245,599</b>
31	20. Other income	26	80,255,014	71,727,273
32	21. Other expenses	26	-	32,318,866
<b>40</b>	<b>22. Net other profit</b> <b>(40 = 31 - 32)</b>		<b>80,255,014</b>	<b>39,408,407</b>
<b>50</b>	<b>23. Profit before corporate income tax</b> <b>(50 = 30 + 40)</b>		<b>153,211,819,508</b>	<b>183,388,654,006</b>
<b>51</b>	<b>24. Current corporate income tax</b>	<b>27</b>	<b>31,480,002,279</b>	<b>37,098,464,676</b>
<b>52</b>	<b>25. Deferred income tax expense</b>	<b>27</b>	<b>-</b>	<b>-</b>
<b>60</b>	<b>26. Net profit for the year after tax</b> <b>(60 = 50 - 51 - 52)</b>		<b>121,731,817,229</b>	<b>146,290,189,330</b>


Ms. Pham Thu Trang  
Chief AccountantMr. Yasuhiro Takeda  
General Director


21 March 2023




CASH FLOW STATEMENT  
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Receipt from sale of goods and rendering of services		924,044,273,570	823,642,554,898
02	Payments to suppliers		(777,881,840,228)	(685,648,802,903)
03	Payment to employees		(90,322,671,530)	(81,652,343,312)
05	Payment of corporate income tax	13	(26,610,000,000)	(45,929,506,804)
06	Receipts from other operating activities		187,392,418,407	208,814,659,101
07	Payment of other operating activities		(90,910,327,294)	(76,045,093,135)
20	<b>Net cash inflows from operating activities</b>		<b>125,711,852,925</b>	<b>143,181,467,845</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Payment to purchase fixed assets and constructions		(2,549,430,825)	(1,723,085,883)
22	Receipts on disposals of fixed assets		30,500,000	89,309,272
23	Disbursement for loans and purchase of investment securities		(934,500,918,439)	(845,662,261,688)
24	Receipts from loans and sale of investment securities		885,887,600,000	767,773,050,959
27	Receipts from investment interest and dividends		44,718,306,035	44,625,776,169
30	<b>Net cash flow used in investing activities</b>		<b>(6,413,943,229)</b>	<b>(34,897,211,171)</b>
	<b>III. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>			
36	Profit distribution paid		(110,514,747,160)	(107,547,599,168)
40	<b>Net cash flow used in financial activities</b>		<b>(110,514,747,160)</b>	<b>(107,547,599,168)</b>
50	<b>Net change in cash and cash equivalents</b>		<b>8,783,162,536</b>	<b>736,657,506</b>
60	<b>Cash and cash equivalents at the beginning of the year</b>	4	<b>20,323,943,871</b>	<b>19,615,187,964</b>
61	<b>Impact of exchange rate fluctuation</b>		<b>(550,009,118)</b>	<b>(27,901,599)</b>
70	<b>Cash and cash equivalents at the end of the year</b>	4	<b>28,557,097,289</b>	<b>20,323,943,871</b>



Ms. Pham Thu Trang  
Chief Accountant



Mr. Yasuhiro Takeda  
General Director

21 March 2023

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2022 and for the year then ended

## 1. CORPORATE INFORMATION

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

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

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

The Company's Head office is located at Room 601, 6th Floor, The Sun Red River Building, 23 Phan Chu Trinh, Hoan Kiem District, Hanoi. The branch is located at 14th floor, Lim Tower 3, 29A Nguyen Dinh Chieu, Da Kao ward, District 1, Ho Chi Minh City.

The charter capital of the Company as at 31 December 2022 is VND 300,000,000,000.

Total number of employees of the Company as at 31 December 2022 is 148 people (as at 31 December 2021: 146 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 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**2. BASIS OF PREPARATION (continued)**

**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**

***New regulation is effective from 01 January 2023***

*Law on Insurance Business No. 8/2022/QH15 approved by the National Assembly dated 16 June 2022, takes effect from 1 January 2023.*

Accordingly, The new Law on Insurance Business has introduced several amendments and supplements, including specific provisions on insurance contracts, insurance and reinsurance enterprises; on finance, accounting, reporting as well as state management regulations on insurance business, capital...

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 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.1 Cash and cash equivalents**

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

**3.2 Receivables**

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

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

For overdue receivables, the Company adopts the provision policy as promulgated by the Ministry of Finance in Circular No. 48/2019/TT-BTC dated 08 August 2019 (Circular 48) and the Ministry of Finance in Circular No. 24/2022/TT-BTC dated 07 April 2022 (Circular 24). Details on the basis of provision are as follows:

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

**3.3 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

**3.4 Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.5 Depreciation and amortisation**

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

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

**3.6 Prepaid expenses**

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

**3.7 Financial investments**

*Held-for-trading securities and investments in other entities*

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

*Held-to-maturity investments*

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

*Provision for diminution in value investments*

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

**3.8 Payables and accruals**

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

**3.9 Severance allowance**

**3.9.1 Post-employment benefits**

Post-employment benefits are paid to retired employees of the Company by the Social insurance. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.9 Severance allowance (continued)**

**3.9.2 Unemployment benefits**

According to Article 57, Law on Employment No.38/2013/QH13 is effective from 1 January 2015 and Decree No.28/2015/ND-CP dated 12 March 2015 of the Government detailing the implementation of a number of articles on unemployment insurance of the Law on Employment, the Company is obliged to contribute to unemployment insurance at the rate of 1% of the salary and wage fund paid for unemployment insurance premiums of the participants and deduct 1% of each employee's monthly salary and wages to contribute to the unemployment insurance fund. According to Decision No. 28/2021/QĐ-TTg, from October 1, 2021, the Company is entitled to reduce the unemployment insurance contribution rate from 1% to 0% within 12 months.

**3.10 Technical reserves**

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

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

a) Technical reserves for non-life insurance

(i) *Unearned premium reserve*

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

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

(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:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.10 Technical reserves (continued)**

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

(iii) *Catastrophe reserve*

Catastrophe reserve is set aside annually for catastrophe in loss. In 2021, 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 2022.

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:

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

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:

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

(iii) *Claim reserve*

- 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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

#### 3.10 Technical reserves (continued)

##### b) Technical reserve of health insurance (continued)

##### (iii) Claim reserve (continued)

- 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:

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

##### (iv) Equalization reserve

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

#### 3.11 Transactions in foreign currencies

The Company follows the guidance under Vietnamese Accounting Standard No. 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") in dealing with transactions in foreign currencies as consistently applied in prior year and Circular 200.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.12 Appropriation of net profit after tax**

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

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

**3.13 Revenue recognition**

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

*(i) Gross written premium*

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

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

- (1) the insurance contract has been entered into by the insurer and the insured has paid full premium;
- (2) there's evidence about coverage acceptance and the insured has paid full premium;
- (3) the insurance contract has been entered into by the insurer and the insured and there is agreement between the Company and the insured for term payment of insurance premium, which in such case the insurer still should recognize as revenue the premium payables according to agreement in the insurance contract. According to Circular 50, the credit term shall not exceed 30 days from policy inception date. For installment contracts, general insurers are required to record revenue from insurance premium of the first installment on the insurance contract's effective date and record revenue from premium of the remaining installments only when the policyholder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment, insurance contract shall automatically terminate after contractual premium payment date.

Advance premium from the insured 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.13 Revenue recognition (continued)**

*(iii) Dividends*

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

*(iv) Other income*

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

**3.14 Expense recognition**

*(i) Claim expense*

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

*(ii) Commission expense*

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

*(iii) General & administration expense*

Other administration expense is recognized on accrual basis.

*(iv) Operating lease*

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

*(v) Other expenses*

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

**3.15 Recognition of reinsurance activities**

*(i) Reinsurance ceded*

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

Reinsurance premiums ceded under facultative reinsurance agreement is recognized when the facultative reinsurance agreement has been entered into by the Company and when gross written premiums within the scope of the facultative agreements are recognized.

Reinsurance recovery is recognized when there is evidence of liability on the part of the reinsurer.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.15 Recognition of reinsurance activities (continued)**

*(i) Reinsurance ceded*

Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded. At the end of accounting period, the part of reinsurance commission which is not included in income and expense of period corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

*(ii) Reinsurance assumed*

Reinsurance assumed under treaty arrangement:

- ▶ Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants.

Reinsurance assumed under facultative arrangement:

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

**3.16 Taxation**

*Current income tax*

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

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

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

*Deferred tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**3.16 Taxation (continued)**

*Deferred tax (continued)*

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit (or loss).

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

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

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

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

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

**3.17 Use of estimates**

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

**3.18 Related parties**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**4. CASH AND CASH EQUIVALENTS**

	Currency: VND	
	Ending balance	Beginning balance
<b>Cash</b>		
Cash on hand (VND)	53,362,779	62,031,779
Cash at bank	28,503,734,510	20,261,912,092
In which:		
VND	26,416,856,451	19,096,054,432
Foreign currency	2,086,878,059	1,165,857,660
<b>TOTAL</b>	<b>28,557,097,289</b>	<b>20,323,943,871</b>

**5. FINANCIAL INVESTMENTS**

		Currency: VND	
		Ending balance	Beginning balance
<b>Trading securities</b>			
Listed shares	(i)	3,430,000,000	3,430,000,000
Fund certificates	(ii)	5,000,000,000	5,000,000,000
		<b>8,430,000,000</b>	<b>8,430,000,000</b>
<b>Held-to-maturity investments</b>			
Short-term		897,930,000,000	846,376,250,000
- Term deposits in VND	(iii)	821,620,000,000	772,780,000,000
- Term deposits in USD	(iii)	76,310,000,000	73,596,250,000
Long-term		138,819,822,178	137,168,613,477
- Term deposits		38,000,000,000	35,770,000,000
- Bonds	(iv)	100,819,822,178	101,398,613,477
		<b>1,036,749,822,178</b>	<b>983,544,863,477</b>
<b>NET VALUE OF INVESTMENTS</b>		<b>1,045,179,822,178</b>	<b>991,974,863,477</b>

(i) Including 769,177 VNR shares. (31 December 2021: 769,177 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 4.60% to 9.00%/year.

Term deposits in USD have original terms of less than a year and interest rate of 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 rate of 8.70%/year.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

6. CURRENT ACCOUNT RECEIVABLES

Currency: VND

	Ending balance	Beginning balance
<b>Insurance receivables</b>		
Gross written premium receivables	16,691,758,304	15,307,113,947
- Premium receivable from the Insured	10,063,948,657	8,595,151,848
- Premium receivable from brokers	6,169,711,968	6,588,610,769
- Premium receivable from agents	458,097,679	123,351,330
Reinsurance assumed receivables	4,600,406,698	7,795,039,235
Reinsurance ceded receivables	32,809,738,214	10,841,999,131
Receivables from co-insurers	2,414,345,257	4,833,008,593
- Claims recoveries from co-insurers	710,613,475	808,171,821
- Other receivables from co-insurers	1,703,731,782	4,024,836,772
	<b>56,516,248,473</b>	<b>38,777,160,906</b>
<b>Other trade receivables</b>		
Receivables from claim handling services	4,745,834,319	2,395,968,906
Other trade receivables	523,163,661	313,499,085
	<b>5,268,997,980</b>	<b>2,709,467,991</b>
<b>Other short-term receivables</b>		
Bank deposit interest receivables	25,359,793,094	19,863,225,215
Bond coupon receivables	5,124,657,534	5,124,657,534
Deposit for third party claim handling service	4,099,605,390	1,950,000,000
Advances, other short-term deposits	439,915,610	460,580,587
Other receivables	247,336,962	537,804,700
	<b>35,271,308,590</b>	<b>27,936,268,036</b>
<b>Total receivables</b>	<b>97,056,555,043</b>	<b>69,422,896,933</b>
Allowance for doubtful debts	(914,124,747)	(779,042,260)
<b>Net current account receivables</b>	<b>96,142,430,296</b>	<b>68,643,854,673</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

## 7. UNALLOCATED COMMISSION EXPENSE

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

	Currency: VND	
	Current year	Previous year
<b>Opening balance</b>	<b>18,967,333,542</b>	<b>16,114,108,821</b>
Paid commission during the year	68,530,749,681	63,797,665,454
Allocated commission during the year	(66,396,963,871)	(60,944,440,733)
<b>Closing balance</b>	<b>21,101,119,352</b>	<b>18,967,333,542</b>

## 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
<b>Cost:</b>			
Beginning balance	3,699,956,364	4,910,767,883	8,610,724,247
Additions during the year	984,454,545	140,580,000	1,125,034,545
Ending balance	4,684,410,909	5,051,347,883	9,735,758,792
<b>Accumulated depreciation:</b>			
Beginning balance	(2,352,550,841)	(3,535,556,281)	(5,888,107,122)
Charge for the year	(418,623,944)	(537,848,718)	(956,472,662)
Ending balance	(2,771,174,785)	(4,073,404,999)	(6,844,579,784)
<b>Net book value:</b>			
Beginning balance	1,347,405,523	1,375,211,602	2,722,617,125
Ending balance	1,913,236,124	977,942,884	2,891,179,008



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended**10. INTANGIBLE FIXED ASSETS**

Currency: VND

	Software	Total
<b>Cost:</b>		
Beginning balance	10,153,115,155	10,153,115,155
Additions during the year	571,499,848	571,499,848
Ending balance	10,724,615,003	10,724,615,003
<b>Accumulated depreciation:</b>		
Beginning balance	(5,647,909,993)	(5,647,909,993)
Charge for the year	(1,289,075,093)	(1,289,075,093)
Ending balance	(6,936,985,086)	(6,936,985,086)
<b>Net book value:</b>		
Beginning balance	4,505,205,162	4,505,205,162
Ending balance	3,787,629,917	3,787,629,917

**11. LONG-TERM PREPAID EXPENSE**

Currency: VND

	Ending balance	Beginning balance
Tools and equipment	1,007,869,851	1,393,747,715
Office renovations	1,729,929,498	2,458,326,832
Others	2,177,088,485	3,300,765,136
<b>TOTAL</b>	<b>4,914,887,834</b>	<b>7,152,839,683</b>

**12. TRADE PAYABLES**

Currency: VND

	Ending balance	Beginning balance
<b>Insurance payables</b>		
Payables for ceded activities	212,789,480,745	181,675,769,422
Payables to co-insurers	8,290,192,850	6,421,982,113
Commission payables	5,234,080,498	7,606,369,514
Other payables from insurance business	14,077,611,140	3,159,628,302
	<b>240,391,365,233</b>	<b>198,863,749,351</b>
<b>Other trade payables</b>		
Assessment fee for "Financial Risk and Credit Insurance" Policies	6,690,004,186	4,141,088,008
IT Advisory fee & other service related IT	7,590,477,487	7,045,578,666
Compulsory fire and explosion fund and compulsory TPL fund	2,687,590,693	2,262,237,236
Survey fee payable	68,628,750	416,620,500
Other trade payables	6,445,926,827	1,869,681,276
	<b>23,482,627,943</b>	<b>15,735,205,686</b>
<b>TOTAL</b>	<b>263,873,993,176</b>	<b>214,598,955,037</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**13. TAXES AND OTHER STATUTORY OBLIGATIONS**

Currency: VND

	<i>Beginning balance</i>	<i>Movement during the year</i>		<i>Ending balance</i>
		<i>Payables</i>	<i>Paid</i>	
Value added tax	3,812,679,978	44,472,311,938	(45,657,653,003)	2,627,338,909
Corporate income tax	7,058,464,698	31,480,002,279	(26,610,000,000)	11,928,466,977
Personal income tax	(241,525,475)	8,087,296,056	(8,083,653,976)	(237,883,395)
Foreign contractor tax	3,908,614,675	1,311,041,861	(879,056,837)	4,340,599,698
<b>TOTAL</b>	<b>14,538,233,876</b>	<b>85,350,652,134</b>	<b>(81,230,363,816)</b>	<b>18,658,522,189</b>

**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

	<i>Current year</i>	<i>Previous year</i>
<b>Opening balance</b>	<b>40,585,246,452</b>	<b>35,778,531,358</b>
Increased during the year	134,103,682,228	121,218,559,209
Allocated during the year	(131,381,928,718)	(116,411,844,115)
<b>Closing balance</b>	<b>43,306,999,962</b>	<b>40,585,246,452</b>

**15. OTHER SHORT – TERM PAYABLES**

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Other payables	170,583,736	289,597,387
<b>TOTAL</b>	<b>170,583,736</b>	<b>289,597,387</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**16. TECHNICAL RESERVES**

**16.1 Unearned premium reserve and claim reserve**

Currency: VND

	Reserve for direct insurance and inward reinsurance	Reserve for outward reinsurance (Reinsurance assets)	Net reserve
<b>Beginning balance</b>			
<b>Unearned premium reserve</b>	<b>244,700,899,111</b>	<b>(170,069,258,240)</b>	<b>74,631,640,871</b>
<b>Claim reserves</b>	<b>488,248,920,988</b>	<b>(415,668,294,356)</b>	<b>72,580,626,632</b>
Outstanding claim reserve	471,357,883,546	(415,668,294,356)	55,689,589,190
Incurred but not reported claim reserve	16,891,037,442	-	16,891,037,442
<b>TOTAL</b>	<b>732,949,820,099</b>	<b>(585,737,552,596)</b>	<b>147,212,267,503</b>
<b>Ending balance</b>			
<b>Unearned premium reserve</b>	<b>263,357,843,985</b>	<b>(180,813,396,643)</b>	<b>82,544,447,342</b>
<b>Claim reserves</b>	<b>340,246,965,331</b>	<b>(266,070,406,859)</b>	<b>74,176,558,472</b>
Outstanding claim reserve	324,818,225,727	(266,070,406,859)	58,747,818,868
Incurred but not reported claim reserve	15,428,739,604	-	15,428,739,604
<b>TOTAL</b>	<b>603,604,809,316</b>	<b>(446,883,803,502)</b>	<b>156,721,005,814</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**16. TECHNICAL RESERVES (continued)**

**16.1 Unearned premium reserve and claim reserve (continued)**

**16.1.1 Unearned premium reserve**

*Unearned Gross and Assumed Premium Reserves*

Currency: VND

<i>Product</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Health and Personal Accident Insurance	34,000,508,627	27,289,768,265
Property and Damages Insurance	139,827,814,512	131,712,677,115
Cargo Insurance	10,086,219,247	9,320,186,436
Automobile Insurance	7,610,472,659	7,524,742,969
Fire Insurance	140,906,243	399,051,043
Marine Hull and P&I Insurance	349,160,577	457,514,201
Liability Insurance	32,677,880,339	29,869,626,050
Business Risk Insurance	4,806,884,852	7,400,990,972
Financial Risk and Credit Insurance	33,857,996,929	30,726,342,060
<b>TOTAL</b>	<b>263,357,843,985</b>	<b>244,700,899,111</b>

*Unearned ceded premium reserve (Reinsurance assets)*

Currency: VND

<i>Product</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Health and Personal Accident Insurance	1,131,880,034	1,102,827,608
Property and Damages Insurance	126,100,918,473	117,974,693,446
Cargo Insurance	4,278,502,109	3,368,862,085
Automobile Insurance	108,679,020	96,676,715
Fire Insurance	66,924,012	159,596,128
Marine Hull and P&I Insurance	344,437,175	451,826,199
Liability Insurance	13,037,974,073	11,430,413,458
Business Risk Insurance	4,564,480,188	7,197,110,611
Financial Risk and Credit Insurance	31,179,601,559	28,287,251,990
<b>TOTAL</b>	<b>180,813,396,643</b>	<b>170,069,258,240</b>

**16.1.2 Claim reserve**

*Direct and Reinsurance assumed claim reserve*

Currency: VND

<i>Product</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Health and Personal Accident Insurance	15,671,944,536	12,366,234,590
Property and Damages Insurance	186,626,239,405	340,691,366,640
Cargo Insurance	50,796,292,563	39,334,383,280
Automobile Insurance	6,479,343,636	16,351,324,293
Fire Insurance	30,000,000	30,000,000
Marine Hull and P&I Insurance	21,121,194	190,182,444
Liability Insurance	13,252,964,679	13,205,232,065
Business Risk Insurance	11,071,018,068	11,644,372,237
Financial Risk and Credit Insurance	56,298,041,250	54,435,825,439
<b>TOTAL</b>	<b>340,246,965,331</b>	<b>488,248,920,988</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**16. TECHNICAL RESERVES (continued)**

**16.1 Unearned premium reserve and claim reserve (continued)**

**16.1.2 Claim reserve (continued)**

*Reinsurance ceded claim reserve (Reinsurance assets)*

Currency: VND

<i>Product</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Property and Damages Insurance	168,860,455,553	330,978,872,815
Cargo Insurance	32,107,094,275	20,452,359,223
Marine Hull and P&I Insurance	20,769,167	187,012,673
Liability Insurance	3,640,371,051	5,856,832,375
Business Risk Insurance	10,973,641,977	11,579,503,509
Financial Risk and Credit Insurance	50,468,074,836	46,613,713,761
<b>TOTAL</b>	<b>266,070,406,859</b>	<b>415,668,294,356</b>

**16.2 Catastrophe reserve**

Currency: VND

<i>Product</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Health and Personal Accident Insurance	18,931,447,373	16,172,791,609
Property and Damages Insurance	10,581,078,545	9,546,302,714
Cargo Insurance	32,147,810,052	29,554,255,649
Automobile Insurance	13,805,762,651	12,943,794,470
Fire Insurance	335,985,542	289,548,649
Marine Hull and P&I Insurance	114,677,973	113,668,750
Liability Insurance	14,461,792,076	12,896,882,955
Business Risk Insurance	187,750,627	170,176,451
Financial Risk and Credit Insurance	1,600,120,216	1,262,153,574
<b>TOTAL</b>	<b>92,166,425,055</b>	<b>82,949,574,821</b>

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

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Opening balance</b>	<b>82,949,574,821</b>	<b>74,320,757,896</b>
Increased during the year	9,216,850,234	8,628,816,925
<b>Closing balance</b>	<b>92,166,425,055</b>	<b>82,949,574,821</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

## 17. OWNERS' EQUITY

### 17.1 Increase and decrease in owners' equity

	Contributed chartered capital	Statutory reserve fund	Undistributed after-tax profits	Foreign exchange translation reserve (*)	Currency: VND Total
<b>Previous year</b>					
Beginning balance	300,000,000,000	30,000,000,000	190,339,928,692	31,520,800,000	551,860,728,692
Profit distribution declared	-	-	(107,778,794,002)	-	(107,778,794,002)
Profit for the year	-	-	146,290,189,330	-	146,290,189,330
Appropriation of profit to bonus and welfare fund	-	-	(7,314,509,468)	-	(7,314,509,468)
<b>Ending balance</b>	<b>300,000,000,000</b>	<b>30,000,000,000</b>	<b>221,536,814,552</b>	<b>31,520,800,000</b>	<b>583,057,614,552</b>
<b>Current year</b>					
Beginning balance	300,000,000,000	30,000,000,000	221,536,814,552	31,520,800,000	583,057,614,552
Profit distribution declared (**)	-	-	(111,180,543,889)	-	(111,180,543,889)
Profit for the year	-	-	121,731,817,229	-	121,731,817,229
Appropriation of profit to bonus and welfare fund (***)	-	-	(6,086,590,861)	-	(6,086,590,861)
<b>Ending balance</b>	<b>300,000,000,000</b>	<b>30,000,000,000</b>	<b>226,001,497,031</b>	<b>31,520,800,000</b>	<b>587,522,297,031</b>

(\*) The balance of foreign exchange translation reserve of VND 31,520,800,000 as at 31 December 2022 represents the foreign exchange difference resulted from the conversion of accounting currency from USD to VND in 2008.

(\*\*) On 25 March 2022, Members' Council approved Resolution No. 10/2022/NQ-HĐTV on profit distribution for 2021.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**17. OWNERS' EQUITY (continued)**

**17.2 Contributed charter capital**

Currency: VND

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

**17.3 Capital transactions with owners and distributions of profit**

Currency: VND

	Ending balance	Beginning balance
<b>Contributed capital</b>		
Beginning balance	300,000,000,000	300,000,000,000
Ending balance	300,000,000,000	300,000,000,000
<b>Profit distribution declared</b>	<b>111,180,543,889</b>	<b>107,778,794,002</b>

**18. REVENUE**

Currency: VND

	Current year	Previous year
Gross written premiums	849,354,649,066	761,697,106,785
Deductions	(12,740,737,491)	(9,012,674,854)
<b>Net direct premium</b>	<b>836,613,911,575</b>	<b>752,684,431,931</b>
Reinsurance assumed premiums	66,366,096,845	89,993,645,359
Deductions	(421,810,461)	(507,691,297)
<b>Net assumed premium</b>	<b>65,944,286,384</b>	<b>89,485,954,062</b>
(Increase)/Decrease in un-earned premium reserve	(18,656,944,874)	8,263,234,448
	<b>883,901,253,085</b>	<b>850,433,620,441</b>

**18.1 Gross written premiums**

Currency: VND

Product	Current year	Previous year
Health and Personal Accident Insurance	95,578,731,711	81,105,853,282
Property and Damages Insurance	359,196,831,076	316,626,512,415
Cargo Insurance	123,361,546,976	106,570,526,336
Automobile Insurance	23,480,616,252	25,014,877,507
Fire Insurance	219,757,473	127,512,566
Marine Hull and P&I Insurance	2,512,293,872	3,283,337,204
Liability Insurance	90,466,127,703	80,804,490,137
Business Risk Insurance	12,384,946,950	15,253,259,995
Financial Risk and Credit Insurance	129,413,059,562	123,898,062,489
<b>TOTAL</b>	<b>836,613,911,575</b>	<b>752,684,431,931</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended**18. REVENUE** (continued)**18.2 Reinsurance assumed premiums**

Currency: VND

<i>Product</i>	<i>Current year</i>	<i>Previous year</i>
Health and Personal Accident Insurance	603,103,719	265,272,579
Property and Damages Insurance	52,934,299,346	71,156,117,923
Cargo Insurance	2,000,999,548	2,207,222,118
Automobile Insurance	5,489,465,958	4,157,323,995
Fire Insurance	1,845,997,102	1,688,487,577
Liability Insurance	1,420,249,644	7,909,635,819
Business Risk Insurance	572,648,053	1,056,963,037
Financial Risk and Credit Insurance	1,077,523,014	1,044,931,014
<b>TOTAL</b>	<b>65,944,286,384</b>	<b>89,485,954,062</b>

**19. REINSURANCE PREMIUM CEDED**

Currency: VND

	<i>Current year</i>	<i>Previous year</i>
Reinsurance premium ceded	595,329,856,776	554,543,155,160
(Increase)/Decrease in ceded premium reserve	(10,744,138,403)	10,022,004,060
<b>TOTAL</b>	<b>584,585,718,373</b>	<b>564,565,159,220</b>

**19.1 Reinsurance premium ceded**

Currency: VND

<i>Product</i>	<i>Current year</i>	<i>Previous year</i>
Health and Personal Accident Insurance	3,701,474,496	3,170,571,319
Property and Damages Insurance	378,185,738,907	354,600,599,107
Cargo Insurance	38,910,733,135	26,509,674,899
Automobile Insurance	237,809,504	195,332,011
Fire Insurance	517,858,141	496,792,456
Marine Hull and P&I Insurance	2,478,653,105	3,242,517,419
Liability Insurance	39,684,257,034	36,348,245,804
Business Risk Insurance	12,388,304,627	15,868,103,764
Financial Risk and Credit Insurance	119,225,027,827	114,111,318,381
<b>TOTAL</b>	<b>595,329,856,776</b>	<b>554,543,155,160</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**20. COMMISSION ON REINSURANCE CEDED AND OTHER INSURANCE INCOME**

	Currency: VND	
	Current year	Previous year
Commission on reinsurance ceded	131,381,928,718	116,411,844,115
Other income from insurance activities	13,727,103,878	11,871,652,600
<b>TOTAL</b>	<b>145,109,032,596</b>	<b>128,283,496,715</b>

**20.1 Commission on reinsurance ceded**

	Currency: VND	
Product	Current year	Previous year
Health and Personal Accident Insurance	243,355,812	25,423,065
Property and Damages Insurance	87,646,903,833	79,307,085,201
Cargo Insurance	9,086,673,652	4,815,380,097
Automobile Insurance	51,248,089	53,747,864
Fire Insurance	27,110,224	63,936,360
Marine Hull and P&I Insurance	474,230,457	617,049,614
Liability Insurance	6,870,806,089	6,506,981,133
Business Risk Insurance	3,903,426,969	3,961,147,921
Financial Risk and Credit Insurance	23,078,173,593	21,061,092,860
<b>TOTAL</b>	<b>131,381,928,718</b>	<b>116,411,844,115</b>

**20.2 Other income from insurance activities**

	Currency: VND	
	Current year	Previous year
Claim settling Agent income	9,128,758,893	8,103,074,997
Handling charge income	2,049,428,807	1,894,076,593
Other income	2,548,916,178	1,874,501,010
<b>TOTAL</b>	<b>13,727,103,878</b>	<b>11,871,652,600</b>

**21. CLAIM EXPENSES**

	Currency: VND	
	Current year	Previous year
Direct claim expenses and claim expenses on inward reinsurance	250,588,701,393	234,419,920,193
- Direct claim expense	240,294,807,572	226,452,039,054
- Claim expense on inward reinsurance	10,293,893,821	7,967,881,139
Recovery from third party, recovery from 100% compensated goods	(15,630,812,855)	(6,529,411,343)
Recovery from reinsurance ceded	(124,571,827,812)	(131,494,667,644)
(Decrease)/Increase in gross claim reserve and reinsurance assumed claim reserve	(148,001,955,657)	182,728,584,087
Decrease/(Increase) in outward reinsurance claim reserve	149,597,887,497	(204,542,322,931)
<b>TOTAL</b>	<b>111,981,992,566</b>	<b>74,582,102,362</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**21. CLAIM EXPENSES (continued)**

**21.1 Direct claim expense**

Currency: VND

<i>Product</i>	<i>Current year</i>	<i>Previous year</i>
Health Insurance and Personal Accident Insurance	56,473,571,403	32,960,635,577
Property and Damages Insurance	87,589,781,360	73,663,370,621
Cargo Insurance	38,887,064,505	23,901,150,718
Automobile Insurance	8,803,383,735	5,132,005,483
Marine Hull and P&I Insurance	227,285,872	-
Liability Insurance	18,474,394,028	14,618,244,725
Business Risk Insurance	103,845,226	94,362,165
Financial Risk and Credit Insurance	29,735,481,443	76,082,269,765
<b>TOTAL</b>	<b>240,294,807,572</b>	<b>226,452,039,054</b>

**21.2 Claim expenses on reinsurance assumed**

Currency: VND

<i>Product</i>	<i>Current year</i>	<i>Previous year</i>
Health Insurance and Personal Accident Insurance	2,740,814	-
Property and Damages Insurance	7,886,805,678	7,081,076,082
Cargo Insurance	784,303,394	799,810,986
Automobile Insurance	982,214,707	-
Liability Insurance	36,266,253	86,994,071
Business Risk Insurance	601,562,975	-
<b>TOTAL</b>	<b>10,293,893,821</b>	<b>7,967,881,139</b>

**21.3 Recovery from reinsurance ceded**

Currency: VND

<i>Product</i>	<i>Current year</i>	<i>Previous year</i>
Property and Damages Insurance	86,631,144,541	63,343,080,191
Cargo Insurance	18,994,419,726	2,734,408,714
Automobile Insurance	2,366,500	2,099,190
Marine Hull and P&I Insurance	223,497,698	-
Liability Insurance	4,341,647,492	497,113,788
Business Risk Insurance	697,731,048	93,890,354
Financial Risk and Credit Insurance	13,681,020,807	64,824,075,407
<b>TOTAL</b>	<b>124,571,827,812</b>	<b>131,494,667,644</b>

**22. OTHER OPERATING EXPENSES**

Currency: VND

	<i>Current year</i>	<i>Previous year</i>
Underwriting risk survey expenses	2,368,700,429	1,040,917,648
Agent management fee	572,118,440	481,337,718
Handling charged	1,327,261,825	1,513,278,275
Loss prevention	540,608,969	316,506,807
Statutory contributions	2,776,681,376	2,361,986,503
Others	6,763,866,264	4,964,237,468
<b>TOTAL</b>	<b>14,349,237,303</b>	<b>10,678,264,419</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended**23. FINANCE INCOME**

Currency: VND

	Current year	Previous year
Interest income from deposits	43,259,298,233	39,098,880,833
Interest income from bonds	8,700,000,000	8,700,000,000
Dividend received	999,930,100	1,003,275,000
Foreign exchange gains	5,642,056,866	2,522,761,872
<b>TOTAL</b>	<b>58,601,285,199</b>	<b>51,324,917,705</b>

**24. FINANCE EXPENSE**

Currency: VND

	Current year	Previous year
Finance expenses	2,472,510,588	2,117,564,744
Foreign exchange losses	2,863,842,513	2,714,385,700
<b>TOTAL</b>	<b>5,336,353,101</b>	<b>4,831,950,444</b>

**25. GENERAL AND ADMINISTRATIVE EXPENSES**

Currency: VND

	Current year	Previous year
Employee expense	89,674,539,651	79,450,062,333
Material, tool and equipment expense	2,537,054,144	3,129,192,961
IT consultancy fee	16,907,112,642	12,015,938,953
Depreciation expense	2,245,547,755	1,534,441,755
Tax, fee, and charge	632,678,411	798,082,473
Office rental and office renewal expense	11,024,286,625	11,381,880,160
Outsourcing expenses	19,174,033,238	12,622,135,765
Addition of provision for doubtful debts	135,082,487	594,710,870
Others	282,555,986	935,609,889
<b>TOTAL</b>	<b>142,612,890,939</b>	<b>122,462,055,159</b>

**26. OTHER INCOME AND EXPENSES**

Currency: VND

	Current year	Previous year
Gain from disposal assets	27,727,272	71,727,273
Other income	52,527,742	-
	<b>80,255,014</b>	<b>71,727,273</b>
Other expenses	-	32,318,866
<b>NET OTHER PROFIT</b>	<b>80,255,014</b>	<b>39,408,407</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

## 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

	<i>Current year</i>	<i>Currency: VND Previous year</i>
Current tax expense	31,480,002,279	37,098,464,676
<b>TOTAL</b>	<b>31,480,002,279</b>	<b>37,098,464,676</b>

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

	<i>Current year</i>	<i>Currency: VND Previous year</i>
<b>Accounting profit before tax</b>	<b>153,211,819,508</b>	<b>183,388,654,006</b>
At CIT rate of 20%	30,642,363,902	36,677,730,801
<i>Adjustments to increase</i>		
- Non-deductible expenses	150,208,051	556,010,522
- Members' council remuneration	171,412,800	196,617,300
- Others	951,722,081	187,075,663
<i>Adjustments to decrease</i>		
- Dividend income	(199,986,020)	(200,655,000)
- Others	(235,718,535)	(318,314,610)
<b>CIT expense</b>	<b>31,480,002,279</b>	<b>37,098,464,676</b>

### 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**27. CORPORATE INCOME TAX** (continued)

**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:

	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Year-end revaluation of assets denominated in foreign currencies	7,489,275,211	7,489,275,211	-	-
<b>Deferred tax liability</b>	<b>7,489,275,211</b>	<b>7,489,275,211</b>	<b>-</b>	<b>-</b>

**28. COMMITMENTS AND CONTINGENCIES**

*Operating lease commitments*

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

	<i>Ending balance Beginning balance</i>	
Commitments for the rental of offices and apartment		
Less than 1 year	13,071,954,470	13,006,750,800
From 1 to 5 years	1,954,821,675	12,324,410,400
<b>TOTAL</b>	<b>15,026,776,146</b>	<b>25,331,161,200</b>

*Other off-balance sheet items*

<i>ITEMS</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Insurance policies signed but not yet effective (VND)	53,378,058,507	41,915,623,392
Ceded Insurance policies signed but for which no obligations have arisen on the part of the Company (VND)	27,258,552,310	22,681,783,158
Foreign currency (USD)	3,714,038	3,676,487

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

## 29. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Transactions	Currency: VND	
			Income/(Expense)	
			Current year	Previous year
Tokio Marine Asia Pte. Ltd	Joint-Owner	Profit distributed in the year	(56,702,077,383)	(54,967,184,941)
		IT consultancy fee	(6,069,134,339)	(3,625,490,789)
		Consultancy fee for internal audit, compliance and risk management	(1,050,846,435)	(170,688,300)
		Underwriting risk survey fee	(1,441,828,636)	(109,736,247)
Bao Viet Holdings	Joint-Owner	Profit distributed in the year	(54,478,466,506)	(52,811,609,061)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Co-insurance premium	6,764,626,765	6,172,413,880
		Inward reinsurance premiums	1,179,141,978	199,150,061
		Inward reinsurance commission	(242,423,181)	(39,894,586)
		Inward reinsurance claim expense	(450,187,749)	(5,409,704)
		Outward reinsurance premiums	(28,964,625,767)	(32,022,884,163)
		Outward reinsurance Commission	7,732,083,199	8,471,351,885
		Outward reinsurance claim recovery	4,116,382,832	10,604,731,877
		Policies handling charge	-	(961,463)
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte. Ltd	Claims Settling Agent Fee	7,714,447,732	6,495,288,305
		Outward reinsurance premiums	(147,046,953,828)	(149,737,661,386)
		Outward reinsurance Commission	35,673,894,427	32,645,866,466
		Outward reinsurance claim recovery	22,845,489,125	3,235,010,576

### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**29. TRANSACTIONS WITH RELATED PARTIES (continued)**

Amounts due to and due from related parties at the balance sheet dates were as follows:

Currency: VND

Related parties	Relationship	Transactions	Receivables/(Payables)	
			Ending balance	Beginning balance
Tokio Marine Asia Pte. Ltd	Joint-Owner	IT consultancy fee payables	(3,880,534,108)	(2,071,995,970)
Bao Viet General Insurance Corporation	Owned by Bao Viet Holdings	Outward reinsurance payables	(7,030,000,441)	(8,348,399,355)
		Outward reinsurance receivables	3,826,475,189	1,459,257,477
		Co-insurance payables	(4,756,283,789)	(7,430,008,203)
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	Indirect investment via Tokio Marine Asia Pte. Ltd	Claims Settling Agent Fee receivables	4,525,662,235	2,139,717,492
		Outward reinsurance payables	(58,603,517,116)	(43,530,538,796)
		Outward reinsurance receivables	8,670,513,300	2,745,280,640

**Transactions with other related parties**

*Remuneration of members of Members' Council*

Currency: VND

	Current year	Previous year
Members' Council Remuneration	857,064,000	983,086,500
<b>TOTAL</b>	<b>857,064,000</b>	<b>983,086,500</b>

The policies for the Members' Council remuneration and General Director's salaries and bonus are in accordance with the decision of Members' Council and in consistency with those applied in the financial year ended as at 31 December 2021.

**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 with clear terms of reference agreed by 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**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*

	<i>Company Solvency Capital</i>	<i>Minimum Solvency Margin</i>	<i>Solvency Margin Ratio</i>
31 December 2022	535,002	93,568	571.78%
31 December 2021	537,134	101,441	529.50%

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

**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).



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK** (continued)

**31.1 Insurance risk** (continued)

**31.1.1 General insurance contracts** (continued)

*Assumptions, changes in assumptions and sensitivity analysis* (continued)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**

**31.1 Insurance risk (continued)**

**31.1.1 General insurance contracts (continued)**

*Assumptions, changes in assumptions and sensitivity analysis (continued)*

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					
	2018	2019	2020	2021	2022	Total
<b>At end of accident year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
<b>I. Estimate of cumulative claims incurred</b>						
1	97,352	97,936	89,640	79,329	120,799	
2	97,220	98,652	83,998	73,708		
3	95,819	98,300	83,411			
4	95,078	98,094				
5	94,003					
<b>Current estimate of cumulative claims incurred (1)</b>	<b>94,003</b>	<b>98,094</b>	<b>83,411</b>	<b>73,708</b>	<b>120,799</b>	<b>470,015</b>
<b>II. Cumulative claim payment</b>						
1	47,835	56,639	47,983	48,393	79,665	
2	74,528	81,428	79,988	71,063		
3	80,533	89,904	82,442			
4	87,777	91,747				
5	91,491					
<b>Cumulative claim payment to date (2)</b>	<b>91,491</b>	<b>91,747</b>	<b>82,442</b>	<b>71,063</b>	<b>79,665</b>	<b>416,408</b>
<b>III. Net outstanding claim reserve (3) = (1) - (2)</b>	<b>2,512</b>	<b>6,347</b>	<b>969</b>	<b>2,645</b>	<b>41,134</b>	<b>53,607</b>
<b>IV. Current estimate of surplus (4)</b>	<b>3,349</b>	<b>(158)</b>	<b>6,229</b>	<b>5,621</b>	<b>-</b>	<b>15,041</b>
<b>V. Percentage of current estimate of surplus over current estimate of cumulative claims incurred (5) = (4)/(1)*100%</b>	<b>3.56%</b>	<b>(0.16%)</b>	<b>7.47%</b>	<b>7.63%</b>	<b>0.00%</b>	<b>3.20%</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK** (continued)

**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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK** (continued)

**31.2 Financial risk** (continued)

**31.2.1 Market risk** (continued)

*Foreign currency risk* (continued)

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	
<i>Change in variance</i>	<i>Impact on profit before tax</i>	<i>Impact on equity</i>
<b>31 December 2022</b>		
+5%	4,358,781,403	3,487,025,122
-5%	(4,358,781,403)	(3,487,025,122)
<b>31 December 2021</b>		
+5%	4,162,605,383	3,330,084,306
-5%	(4,162,605,383)	(3,330,084,306)

**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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK** (continued)

**31.2 Financial risk** (continued)

**31.2.2 Credit risk** (continued)

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2022 are as follows:

Currency: VND

	Not yet due	Past-due but not individually impaired	Individually impaired	TOTAL
<b>Financial Instruments</b>				
Available-for-sale	114,374,479,712	-	-	114,374,479,712
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	105,944,479,712	-	-	105,944,479,712
Loans and receivables	1,066,884,213,198	-	2,654,282,373	1,069,538,495,571
Term deposits	961,289,793,094	-	-	961,289,793,094
Statutory deposit	8,778,750,000	-	-	8,778,750,000
Insurance receivables	53,861,966,100	-	2,654,282,373	56,516,248,473
Other receivables from customers	5,516,334,942	-	-	5,516,334,942
Other assets	37,437,369,062	-	-	37,437,369,062
Cash	28,557,097,289	-	-	28,557,097,289
<b>TOTAL</b>	<b>1,209,815,790,199</b>	<b>-</b>	<b>2,654,282,373</b>	<b>1,212,470,072,572</b>

**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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**

**31.2 Financial risk (continued)**

**31.2.2 Credit risk (continued)**

Details on credit quality by classes of assets for all financial assets exposed to credit risk as at 31 December 2021 are as follows:

Currency: VND

	Not yet due	Past-due but not individually impaired	Individually impaired	TOTAL
<b>Financial instruments</b>				
Available-for-sale	114,953,271,011	-	-	114,953,271,011
Listed share	8,430,000,000	-	-	8,430,000,000
Treasury bonds	106,523,271,011	-	-	106,523,271,011
Loans and receivables	980,268,927,344	-	2,447,920,886	982,716,848,230
Term deposits	902,009,475,215	-	-	902,009,475,215
Statutory deposit	8,490,000,000	-	-	8,490,000,000
Insurance				
receivables	36,329,240,020	-	2,447,920,886	38,777,160,906
Other receivables				
from customers	3,247,272,691	-	-	3,247,272,691
Other assets	30,192,939,418	-	-	30,192,939,418
Cash	20,323,943,871	-	-	20,323,943,871
<b>TOTAL</b>	<b>1,115,546,142,226</b>	<b>-</b>	<b>2,447,920,886</b>	<b>1,117,994,063,112</b>

**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:



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

**31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**

**31.2 Financial risk (continued)**

**31.2.3 Liquidity risk (continued)**

*Contractual maturity (continued)*

	Overdue	Up to one year	More than one year	No maturity date	Currency: VND
			year		TOTAL
<b>Ending balance</b>					
<b>Financial assets</b>					
Available-for-sale	-	-	105,944,479,712	8,430,000,000	114,374,479,712
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	105,944,479,712	-	105,944,479,712
Loans and receivables	2,654,282,373	1,028,884,213,198	38,000,000,000	-	1,069,538,495,571
Term deposits	-	923,289,793,094	38,000,000,000	-	961,289,793,094
Statutory deposit	-	8,778,750,000	-	-	8,778,750,000
Insurance receivables	2,654,282,373	53,861,966,100	-	-	56,516,248,473
Other receivables from customers	-	5,516,334,942	-	-	5,516,334,942
Other assets	-	37,437,369,062	-	-	37,437,369,062
Cash	-	28,557,097,289	-	-	28,557,097,289
<b>TOTAL</b>	<b>2,654,282,373</b>	<b>1,057,441,310,487</b>	<b>143,944,479,712</b>	<b>8,430,000,000</b>	<b>1,212,470,072,572</b>
<b>Financial liabilities</b>					
Trade payables	-	263,873,993,176	-	-	263,873,993,176
Other payables	-	170,583,733	-	-	170,583,733
<b>TOTAL</b>	<b>-</b>	<b>264,044,576,912</b>	<b>-</b>	<b>-</b>	<b>264,044,576,912</b>
<b>Net liquidity</b>	<b>2,654,282,373</b>	<b>793,396,733,575</b>	<b>143,944,479,712</b>	<b>8,430,000,000</b>	<b>948,425,495,660</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

### 31. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

#### 31.2 Financial risk (continued)

##### 31.2.3 Liquidity risk (continued)

Contractual maturity (continued)

	Overdue	Up to one year	More than one year	No maturity date	Currency: VND
<b>Beginning balance</b>					<b>TOTAL</b>
<b>Financial assets</b>					
Available-for-sale	-	-	106,523,271,011	8,430,000,000	114,953,271,011
Listed share	-	-	-	8,430,000,000	8,430,000,000
Treasury bond	-	-	106,523,271,011	-	106,523,271,011
Loans and receivables	2,447,920,886	944,498,927,344	35,770,000,000	-	982,716,848,230
Term deposits	-	866,239,475,215	35,770,000,000	-	902,009,475,215
Statutory deposit	-	8,490,000,000	-	-	8,490,000,000
Insurance receivables	2,447,920,886	36,329,240,020	-	-	38,777,160,906
Other receivables from customers	-	3,247,272,691	-	-	3,247,272,691
Other assets	-	30,192,939,418	-	-	30,192,939,418
Cash	-	20,323,943,871	-	-	20,323,943,871
<b>TOTAL</b>	<b>2,447,920,886</b>	<b>964,822,871,215</b>	<b>142,293,271,011</b>	<b>8,430,000,000</b>	<b>1,117,994,063,112</b>
<b>Financial liabilities</b>					
Trade payables	-	214,598,955,037	-	-	214,598,955,037
Other payables	-	289,597,387	-	-	289,597,387
<b>TOTAL</b>	<b>-</b>	<b>214,888,552,424</b>	<b>-</b>	<b>-</b>	<b>214,888,552,424</b>
<b>NET LIQUIDITY</b>	<b>2,447,920,886</b>	<b>749,934,318,791</b>	<b>142,293,271,011</b>	<b>8,430,000,000</b>	<b>903,105,510,688</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

### 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 2022:

	Carrying amount			Total	Fair value
	Cost	Accrued interest	Provision		
<b>Ending balance</b>					
<b>Financial assets</b>					
Available for sale	109,249,822,178	5,124,657,534	-	114,374,479,712	(*)
Listed shares	8,430,000,000	-	-	8,430,000,000	23,833,595,710
Treasury bonds	100,819,822,178	5,124,657,534	-	105,944,479,712	(*)
Loan and receivables	1,044,178,702,477	25,359,793,094	(914,124,747)	1,068,624,370,824	(*)
Term deposits	935,930,000,000	25,359,793,094	-	961,289,793,094	(*)
Statutory deposit	8,778,750,000	-	-	8,778,750,000	8,778,750,000
Insurance receivables	56,516,248,473	-	(914,124,747)	55,602,123,726	(*)
Other receivables from customers	5,516,334,942	-	-	5,516,334,942	(*)
Other assets	37,437,369,062	-	-	37,437,369,062	(*)
Cash	28,557,097,289	-	-	28,557,097,289	28,557,097,289
	<b>1,181,985,621,944</b>	<b>30,484,450,628</b>	<b>(914,124,747)</b>	<b>1,211,555,947,825</b>	
<b>Financial liabilities</b>					
Trade payables	263,873,993,176	-	-	263,873,993,176	(*)
Other payables	170,583,733	-	-	170,583,733	(*)
<b>NET LIQUIDITY</b>	<b>264,044,576,912</b>	<b>-</b>	<b>-</b>	<b>264,044,576,912</b>	

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

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 2021:

Currency: VND

	Cost	Accrued interest	Carrying amount	Provision	Total	Fair value
<b>Beginning balance</b>						
<b>Financial assets</b>						
Available for sale	109,828,613,477	5,124,657,534	-	-	114,953,271,011	(*)
Listed shares	8,430,000,000	-	-	-	8,430,000,000	32,661,547,410
Treasury bonds	101,398,613,477	5,124,657,534	-	-	106,523,271,011	(*)
Loan and receivables	962,853,623,015	19,863,225,215	(779,042,260)	-	981,937,805,970	(*)
Term deposits	882,146,250,000	19,863,225,215	-	-	902,009,475,215	(*)
Statutory deposit	8,490,000,000	-	-	-	8,490,000,000	8,490,000,000
Insurance receivables	38,777,160,906	-	(779,042,260)	-	37,998,118,646	(*)
Other receivables from customers	3,247,272,691	-	-	-	3,247,272,691	(*)
Other assets	30,192,939,418	-	-	-	30,192,939,418	(*)
Cash	20,323,943,871	-	-	-	20,323,943,871	
<b>TOTAL</b>	<b>1,093,006,180,363</b>	<b>24,987,882,749</b>	<b>(779,042,260)</b>		<b>1,117,215,020,852</b>	
<b>Financial liabilities</b>						
Trade payables	214,598,955,037	-	-	-	214,598,955,037	(*)
Other payables	289,597,387	-	-	-	289,597,387	(*)
<b>TOTAL</b>	<b>214,888,552,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214,888,552,423</b>	

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended**32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

The following methods and assumption are used to estimate fair values:

- ▶ Fair value of cash and statutory deposit are carried at cost.
- ▶ Fair value of listed shares are derived from quoted closing market prices in active markets.

For other financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value.

**33. EVENTS AFTER THE BALANCE SHEET DATE**

There is no matter or circumstance that has arisen since 31 December 2022 that requires adjustment or disclosure to be made in the financial statements of the Company.



Ms. Pham Thu Trang  
Chief Accountant



Mr. Yasuhiro Takeda  
General Director

21 March 2023



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