

Bao Minh Insurance Corporation

Financial statements

for the year ended 31 December 2022



Bao Minh Insurance Corporation

CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of management	3
Independent auditors' report	4 - 5
Balance sheet	6 - 8
Income statement	9 - 11
Cash flow statement	12 - 13
Notes to the financial statements	14 - 65

Bao Minh Insurance Corporation

GENERAL INFORMATION

THE CORPORATION

Bao Minh Insurance Corporation ("the Corporation") is a shareholding Corporation incorporated under the Law on Insurance No. 24/2000/QH10 and the Law No. 61/2010/QH12 which amended a number of articles of the Law on Insurance and the Law No. 42/2019/QH14 which amended a number of articles of the Law on Insurance and Law on Intellectual property. Business License No. 27GP/KDBH issued by the Ministry of Finance ("the MoF") on 8 September 2004 and the latest amendment license No. 27/GPDC13/KDBH dated 30 December 2022. The stocks of the Corporation had been listed in Hanoi Stock Exchange since 28 November 2006 and were transferred to Ho Chi Minh City Stock Exchange on 21 April 2008 with the stock code as BMI.

The following summarizes some key information about the entity:

Registered name:	Bao Minh Insurance Corporation
Address:	No.26 Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City
Operating activities:	providing general insurance products, reinsurance, investing activities and other business operations that are in line with prevailing laws and regulations.
Charter Capital:	VND 1,096,239,850,000
Number of outstanding shares:	109,623,985 shares

As at 31 December 2022, the Corporation has an investment in joint-venture as follow:

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

Location and branch network

The Corporation has its Head Office located at No 26, Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City. As at 31 December 2022, the Corporation has one (1) Head Office and sixty-five (65) branches nationwide.

Employees

The number of the Corporation's employees as at 31 December 2022 is 1,640 (31 December 2021: 1,583).

Key events during year

From 1 January 2022 to 31 December 2022, the Corporation has key event as follow:

On 28 April 2022, the Corporation has held successfully Annual General Meeting of 2022 and approved the dividend by cash at the rate of 15% for year 2021 (VND 1,500 per share) on charter capital of VND 1,096,239,850,000 equivalent to VND 164,435,977,500 according to Resolution No.0001/2022-BM/DHDCD.

Bao Minh Insurance Corporation

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>	<i>Date</i>
Mr. Dinh Viet Tung	Chairman	Appointed on 23 April 2021
Mr. Tran Van Ta	Member	Appointed on 25 April 2019
Mr. Vu Anh Tuan	Member	Appointed on 25 April 2019
Mr. Kwok Wing Tam	Member	Re-appointed on 25 April 2019
Ms. Bui Thi Thu Thanh	Member	Re-appointed on 25 April 2019
Mr. Le Viet Thanh	Member	Appointed on 24 April 2020
Ms. Callard Stumpf Céline	Member	Appointed on 24 April 2020

BOARD OF SUPERVISION

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

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

MANAGEMENT

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

<i>Name</i>	<i>Position</i>	<i>Date</i>
Mr. Vu Anh Tuan	Chief Executive Officer	Appointed on 01 June 2020
Mr. Pham Minh Tuan	Deputy Chief Executive Officer	Appointed on 26 September 2018
Mr. Nguyen The Nang	Deputy Chief Executive Officer	Re-appointed on 08 August 2019
Mr. Chau Quang Linh	Deputy Chief Executive Officer	Appointed on 08 August 2019
Mr. Nguyen Ngoc Anh	Deputy Chief Executive Officer	Appointed on 16 January 2023
Mr. Vu Hai Lam	Deputy Chief Executive Officer	Appointed on 16 January 2023
Mr. Sai Van Hung	Chief Accountant	Appointed on 10 August 2020

LEGAL REPRESENTATIVE

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

AUDITORS

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

Bao Minh Insurance Corporation

REPORT OF MANAGEMENT

Management of Bao Minh Insurance Corporation ("the Corporation") is pleased to present this report and the financial statements of the Corporation for the year ended 31 December 2022.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2022 and of the results of its operations and its cash flows for the year and then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, the accounting guidance applicable to insurance companies and the statutory requirements relevant to the preparation and presentation of the financial statements.

For and on behalf of management:



Mr. Vu Anh Tuan
Chief Executive Officer

Ho Chi Minh City, Vietnam

22 March 2023



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Reference: 61169673/22994598

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Bao Minh Insurance Corporation

We have audited the accompanying financial statements of Bao Minh Insurance Corporation ("the Corporation") as prepared on 22 March 2023 and set out on pages 6 to 65, 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

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Corporation as at 31 December 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 and the statutory requirements relevant to preparation and presentation of the financial statements.

Emphasis of matter

We draw attention to Note 39 to the financial statements for the year ended 31 December 2022 which describes an uncertainty related to the outcome of the lawsuit between Binh Dinh Maritime Shipbuilding Industry JSC and the Corporation. On 19 July 2022, the People's Court of Ho Chi Minh City sentenced first-instance judgments of the above case with the decision not to accept the entire claim of the plaintiff - Binh Dinh Maritime Shipbuilding Industry JSC. On 4 January 2023, the High People's Court in Ho Chi Minh City announced the acceptance of the lawsuit for appellate trial as appeal application submitted by plaintiff and the persons with related interests and obligations, with appeal matter: whole of the first-instance judgment. The lawsuit is still in progress and the effect of the mentioned case only can be determined based on the final conclusion of the Court. Accordingly, the Corporation has not yet recognized any expense and obligations from this lawsuit in the accompanying combined financial statements.

Our audit opinion is not qualified in respect of this matter.

Ernst & Young Vietnam Limited



Sarhan Wjaya Bandara
Deputy General Director
Audit Practising Registration
Certificate No. 2036-2023-004-1



Huynh Nhat Hung
Auditor
Audit 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	ITEMS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		6,287,264,593,775	6,505,894,692,690
110	I. Cash and cash equivalents	4	168,725,034,414	220,659,039,990
111	1. Cash		168,725,034,414	220,659,039,990
120	II. Short-term investments	5	3,281,240,047,383	3,111,804,720,819
121	1. Trading securities	5.1	98,535,654,971	101,560,822,818
122	2. Provision for trading securities		(44,295,607,588)	(17,951,101,999)
123	3. Held-to-maturity investments	5.2	3,227,000,000,000	3,028,195,000,000
130	III. Short-term receivables	6	738,536,245,378	693,130,409,161
131	1. Trade receivables		773,041,934,916	754,412,965,593
131.1	1.1. Insurance receivables		773,041,934,916	754,412,965,593
132	2. Advances to suppliers		4,069,611,910	3,815,664,536
135	3. Other receivables		273,963,911,368	266,081,632,546
139	4. Provision for doubtful debts		(312,539,212,816)	(331,179,853,514)
140	IV. Inventories	7	5,225,520,176	5,621,629,181
141	1. Inventories		5,225,520,176	5,621,629,181
150	V. Other short-term assets		654,605,179,435	476,842,071,820
151	1. Prepaid expenses	8	633,906,064,555	476,842,071,820
151.1	1.1. Unallocated commission expenses		264,605,176,559	217,198,086,583
151.2	1.2. Other prepaid expenses		369,300,887,996	259,643,985,237
152	2. Value-added tax deductible	17	13,948,018,136	-
154	3. Tax and other receivables from the State		6,751,096,744	-
190	VI. Reinsurance assets		1,438,932,566,989	1,997,836,821,719
191	1. Reinsurance ceded unearned premium reserve	20.1	455,218,380,182	379,950,827,788
192	2. Reinsurance ceded claim reserve	20.2	983,714,186,807	1,617,885,993,931

BALANCE SHEET (continued)
as at 31 December 2022

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		749,616,509,385	881,317,607,801
210	I. Long-term receivables	9	14,459,831,172	14,979,929,121
218	1. Other long-term receivables		14,459,831,172	14,979,929,121
218.1	1.1. Statutory deposit		7,000,000,000	10,000,000,000
218.2	1.2. Other receivables		7,459,831,172	4,979,929,121
220	II. Fixed assets		287,403,398,362	301,089,017,139
221	1. Tangible fixed assets	10	72,850,856,721	83,263,304,448
222	Costs		239,141,755,773	238,519,702,663
223	Accumulated depreciation		(166,290,899,052)	(155,256,398,215)
227	2. Intangible assets	11	185,252,062,696	189,139,241,558
228	Costs		284,206,931,481	284,206,931,481
229	Accumulated amortization		(98,954,868,785)	(95,067,689,923)
230	3. Construction in progress	12	29,300,478,945	28,686,471,133
240	III. Investment properties	13	154,595,649,338	156,837,068,553
241	1. Costs		181,861,353,463	181,248,868,013
242	2. Accumulated depreciation		(27,265,704,125)	(24,411,799,460)
250	IV. Long-term investments	14	252,105,924,536	365,416,063,601
252	1. Investments in jointly controlled entities and associates	14.1	145,350,000,000	145,350,000,000
253	2. Investment in other entities	14.1	57,615,300,000	57,615,300,000
254	3. Provision for impairment of other long-term investments		(2,860,375,464)	(2,250,236,399)
255	4. Held-to-maturity investments	14.2	52,001,000,000	164,701,000,000
260	V. Other long-term assets		41,051,705,977	42,995,529,387
261	1. Prepaid expenses	15	21,856,502,573	19,391,655,846
262	2. Deferred tax assets	31.3	19,195,203,404	23,603,873,541
270	TOTAL ASSETS		7,036,881,103,160	7,387,212,300,491



BALANCE SHEET (continued)
as at 31 December 2022

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		4,616,731,719,342	5,051,855,980,063
310	I. Short-term liabilities		4,615,590,758,992	5,050,761,675,942
312	1. Trade payables	16	879,331,850,055	845,283,976,444
312.1	1.1. Insurance payables		879,331,850,055	845,283,976,444
314	2. Statutory obligations	17	21,073,912,777	35,488,869,563
315	3. Payables to employees		171,128,115,768	180,475,563,429
318	4. Short-term unearned revenue		27,219,894,669	35,677,162,084
319.1	5. Un-earned commission revenue	18	104,641,438,802	90,552,814,720
319	6. Other short-term payables	19	20,678,398,749	28,232,349,065
323	7. Bonus and welfare fund		47,042,027,237	38,383,530,058
329	8. Technical reserves		3,344,475,120,935	3,796,667,410,579
329.1	8.1. Direct and reinsurance assumed un-earned premium reserve	20.1	1,874,304,158,642	1,548,104,092,014
329.2	8.2. Direct and reinsurance assumed claim reserve	20.2	1,259,858,297,105	2,083,544,882,985
329.3	8.3. Catastrophe reserve	20.3	210,312,665,188	165,018,435,580
330	II. Long-term liabilities		1,140,960,350	1,094,304,121
333	1. Other long-term payables		1,140,960,350	1,094,304,121
400	D. OWNERS' EQUITY		2,420,149,383,818	2,335,356,320,428
410	I. Owners' equity	21	2,420,149,383,818	2,335,356,320,428
411	1. Contributed capital		1,096,239,850,000	1,096,239,850,000
412	2. Share premium		792,244,224,449	792,244,224,449
419	3. Statutory reserves		109,623,985,000	104,108,119,199
420	4. Financial reserve funds		28,085,153,439	28,085,153,439
421	5. Retained earnings		393,956,170,930	314,678,973,341
440	TOTAL LIABILITIES AND OWNERS' EQUITY		7,036,881,103,160	7,387,212,300,491



Mr. Doan Tan Phong
Preparer

Mr. Sai Van Hung
Chief Accountant

Mr. Vu Anh Tuan
Chief Executive Officer

Ho Chi Minh City, Viet Nam

22 March 2023

INCOME STATEMENT
for the year ended 31 December 2022

PART I: COMPREHENSIVE INCOME STATEMENT

Currency: VND

Code	ITEMS	Current year	Previous year
10	1. Total insurance operating income	4,510,394,614,092	3,768,683,589,271
11	2. Total investment properties income	12,829,479,463	12,304,663,364
12	3. Finance income	311,079,148,811	314,066,355,382
13	4. Other income	7,205,488,731	1,022,844,081
20	5. Total insurance operating expenses	(4,224,723,429,331)	(3,574,710,493,842)
21	6. Cost of investment properties	(5,705,391,242)	(5,900,673,620)
22	7. Finance expenses	(125,537,868,859)	(75,983,947,890)
23	8. General and administrative expenses	(138,622,431,580)	(132,882,599,763)
24	9. Other expenses	(4,180,907,468)	(300,519,640)
50	10. Profit before Corporate income tax (50=10+11+12+13+20+21+22+23+24)	342,738,702,617	306,299,217,343
51	11. Current corporate income tax expenses	(47,460,639,429)	(45,110,783,001)
52	12. Deferred tax expense	(4,408,670,137)	(6,106,806,373)
60	13. Net profit for the year after corporate income tax (60=50+51+52)	290,869,393,051	255,081,627,969
70	14. Earnings per share	2,288	1,975

INCOME STATEMENT (continued)
for the year ended 31 December 2022

PART II: OPERATIONAL INCOME STATEMENT

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Insurance premium income (01 = 01.1 + 01.2 + 01.3)	22	5,655,167,117,269	4,846,654,959,599
	<i>In which:</i>			
01.1	- Direct written premium	22.1	5,398,970,915,879	4,496,389,413,326
01.2	- Assumed premium	22.2	582,396,268,018	524,400,133,068
01.3	- Increase in un-earned direct written premium and assumed premium reserve	20.1	(326,200,066,628)	(174,134,586,795)
02	2. Ceded premium (02 = 02.1 + 02.2)	23	(1,376,676,670,858)	(1,277,126,171,916)
	<i>In which:</i>			
02.1	- Ceded premium		(1,451,944,223,252)	(1,350,537,348,068)
02.2	- Increase in ceded premium reserve	20.1	75,267,552,394	73,411,176,152
03	3. Net insurance premium (03 = 01 + 02)		4,278,490,446,411	3,569,528,787,683
04	4. Ceded commission and other income from insurance activities (04 = 04.1 + 04.2)	24	231,904,167,681	199,154,801,588
	<i>In which:</i>			
04.1	- Ceded commission		230,506,334,074	192,011,420,093
04.2	- Other income from insurance activities		1,397,833,607	7,143,381,495
10	5. Total operating revenues (10 = 03 + 04)		4,510,394,614,092	3,768,683,589,271
11	6. Claim expenses (11 = 11.1 + 11.2)	25	(2,127,818,844,576)	(1,610,439,282,736)
	<i>In which:</i>			
11.1	- Claim expenses		(2,143,825,390,552)	(1,616,903,051,810)
11.2	- Deductions (third party recoveries and salvages)		16,006,545,976	6,463,769,074
12	7. Recoveries from reinsurance ceded	25.3	713,001,789,524	497,747,533,799
13	8. (Decrease)/increase in direct and assumed claim reserve	25	823,686,585,880	(599,981,430,572)
14	9. (Decrease)/increase in ceded claim reserve	25	(634,171,807,124)	486,127,965,330
15	10. Total claim expenses (15 = 11 + 12 + 13 + 14)		(1,225,302,276,296)	(1,226,545,214,179)

INCOME STATEMENT (continued)
for the year ended 31 December 2022


PART 2: OPERATIONAL INCOME STATEMENT (continued)

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
16	11. Increase in catastrophe reserve	20.3	(45,294,229,608)	(37,118,844,301)
17	12. Other operating expenses (17 = 17.1 + 17.2) <i>In which</i>	26	(2,954,126,923,427)	(2,311,046,435,362)
17.1	- Commission expenses		(796,562,080,888)	(675,331,609,901)
17.2	- Other expenses from insurance activities		(2,157,564,842,539)	(1,635,714,825,461)
18	13. Total direct operating expenses (18 = 15 + 16 + 17)		(4,224,723,429,331)	(3,574,710,493,842)
19	14. Gross insurance operating profit (19 = 10 + 18)		285,671,184,761	193,973,095,429
20.	15. Total investment properties income		12,829,479,463	12,304,663,364
21	16. Cost of investment properties		(5,705,391,242)	(5,900,673,620)
22	17. Profit from investment properties (22 = 20+21)		7,124,088,221	6,403,989,744
23	18. Finance income	27	311,079,148,811	314,066,355,382
24	19. Finance expenses	28	(125,537,868,859)	(75,983,947,890)
25	20. Profit from financial activities (25 = 23 + 24)		185,541,279,952	238,082,407,492
26	21. General and administrative expenses	29	(138,622,431,580)	(132,882,599,763)
30	22. Net operating income (30 = 19 + 22 + 25 + 26)		339,714,121,354	305,576,892,902
31	23. Other income	30	7,205,488,731	1,022,844,081
32	24. Other expenses	30	(4,180,907,468)	(300,519,640)
40	25. Other profit (40 = 31 + 32)		3,024,581,263	722,324,441
50	26. Profit before corporate income tax (50 = 30 + 40)		342,738,702,617	306,299,217,343
51	27. Current corporate income tax expenses	31.1	(47,460,639,429)	(45,110,783,001)
52	28. Deferred tax expense	31.3	(4,408,670,137)	(6,106,806,373)
60	29. Profit after corporate income tax (60 = 50 + 51 + 52)		290,869,393,051	255,081,627,969
70	30. Earnings per share	35	2,288	1,975



Mr. Doan Tan Phong
Preparer



Mr. Sai Van Hung
Chief Accountant




Mr. Vu Anh Tuan
Chief Executive Officer

Ho Chi Minh City, Viet Nam

22 March 2023

CASH FLOW STATEMENT
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax		342,738,702,617	306,299,217,343
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and investment properties and amortization of intangible assets		17,909,084,204	19,314,251,765
03	Provisions		115,025,969,042	184,371,568,961
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(1,384,684,361)	(1,954,635,370)
05	Profits from investment activities and other activities		(281,442,793,179)	(242,762,329,164)
08	Operating profit/(loss) before changes in working capital		192,846,278,323	265,268,073,535
09	(Increase)/decrease in receivables		(45,689,577,068)	428,151,707,238
10	Decrease/(increase) in inventories		396,109,005	(401,162,861)
11	Decrease in payables		(32,867,584,939)	(76,867,356,049)
12	Increase in prepaid expenses		(159,528,839,462)	(152,128,575,667)
13	Decrease in held-for-trading securities		3,025,167,847	98,397,852,677
15	Corporate income tax paid	17	(42,186,349,033)	(21,307,288,218)
20	Net cash flows (used in)/from operating activities		(84,004,795,327)	541,113,250,655
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(1,982,046,212)	(11,139,288,051)
22	Proceeds from disposals and transfer of fixed assets and other long-term assets		22,094,274	891,712,727
23	Loans to other entities and payments for purchase of debt instruments of other entities		(3,395,140,000,000)	(2,826,896,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		3,309,035,000,000	2,288,690,000,000
27	Interest and dividends received		284,574,733,660	259,914,984,360
30	Net cash flows from/(used in) investment activities		196,509,781,722	(288,538,590,964)



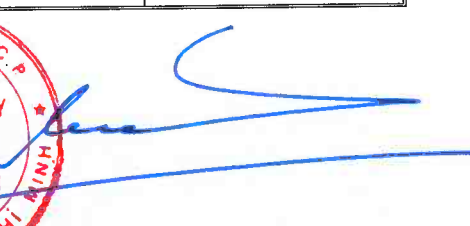
CASH FLOW STATEMENT (continued)
for the year ended 31 December 2022

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
36	Dividends paid out	21	(164,435,977,500)	(182,708,075,600)
40	Net cash flows used in financing activities		(164,435,977,500)	(182,708,075,600)
50	Net in cash for the year		(51,930,991,105)	69,866,584,091
60	Cash and cash equivalents at the beginning of year		220,659,039,990	149,828,620,196
61	Impact of exchange rate fluctuation		(3,014,471)	963,835,703
70	Cash and cash equivalents at the end of year	4	168,725,034,414	220,659,039,990



Mr. Doan Tan Phong
Preparer

Mr. Sai Van Hung
Chief Accountant

Mr. Vu Anh Tuan
Chief Executive Officer

Ho Chi Minh City, Viet Nam

22 March 2023

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

1. CORPORATE INFORMATION

Bao Minh Insurance Corporation ("the Corporation") is a shareholding Corporation incorporated under the Law on Insurance No. 24/2000/QH10 and the Law No. 61/2010/QH12 which amended a number of articles of the Law on Insurance and the Law No. 42/2019/QH14 which amended a number of articles of the Law on Insurance and Law on Intellectual property. Business License No. 27GP/KDBH issued by the Ministry of Finance ("the MoF") on 8 September 2004 and the latest amendment license No. 27/GPDC13/KDBH dated 30 December 2022. The stocks of the Corporation had been listed in Hanoi Stock Exchange since 28 November 2006 and were transferred to Ho Chi Minh City Stock Exchange on 21 April 2008 with the stock code as BMI.

The following summarizes some key information about the entity:

Registered name:	Bao Minh Insurance Corporation
Address:	No.26 Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City.
Operating activities:	providing general insurance products, reinsurance, financial investment and other business operations that are in line with prevailing laws and regulations.
Charter Capital:	VND 1,096,239,850,000
Number of outstanding shares:	109,623,985 shares

The capital structure of the Corporation as at 31 December 2022:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Ownership</i>
- State Capital Investment Corporation	55,580,817	50.70%
- AXA.SA – France	18,251,640	16.65%
- Firstland Ltd, Co.	6,195,175	5.65%
- Bao Minh's employees and other shareholders	29,596,353	27.00%
	109,623,985	100%

Joint Venture Company

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

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

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

Location and branch network

The Corporation has its Head office located at No 26, Ton That Dam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City. As at 31 December 2022, the Corporation has one (1) Head Office and sixty-five (65) branches nationwide.

Employee

The number of the Corporation's employees as at 31 December 2022 is 1,640 (31 December 2021: 1,583).

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

2. BASIC FOR PREPARATION

2.1 *Accounting standards and system*

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

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

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

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

2.5 *Statement on the compliance with Vietnamese accounting standards and systems*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Corporation in preparation of the financial statements are consistent with those followed in the preparation of the Corporation's financial statements for the year ended 31 December 2021, except for the change: Circular No. 24/2022/TT-BTC takes effect from 25 May 2022 and applies since financial year of 2022 on amendments and supplements to several articles of Circular No. 48/2019/TT-BTC of the Minister of Finance, providing instructions about creation and management of provisions for devaluation of inventories, loss of investments, bad debts and warranties for products, goods, services or construction works at enterprises. The main change of Circular No. 24/2022/TT-BTC is the exemption from provisioning requirements for Government bonds, Government-guaranteed bonds and municipal bonds.

3.2 *Cash and cash equivalents*

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

3.3 *Receivables*

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

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

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

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

3.4 *Fixed assets*

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Depreciation and amortization

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

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

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

3.6 Construction in progress

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

3.7 Investment properties

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Prepaid expenses

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

3.9 Investments

3.9.1 Investments in joint-venture companies

Investments in joint-venture companies over which the Corporation has joint control are carried at cost.

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

3.9.2 Held-for-trading securities

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

3.9.3 Held-to-maturity investments

Held-to-maturity investments 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.

3.9.4 Investments in other entities

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

3.9.5 Provision for diminution in value of investment

Provision for impairment of investment is made with reference to Circular 48 and Circular 24. Details of the basis of determination of impairment of investment are as follows:

Listed shares

For financial investments in listed shares that are carried at cost in accordance with Vietnamese Accounting Standards, if there is an objective evidence about an impairment loss on a listed share that is carried at cost, the amount of the loss is measured as the difference between the investments' carrying amount and the closing market value as at the separate balance sheet date based the formula as follows:

$$\text{Provision for diminution of value in individual shares} = \text{Quantity of impaired securities held as at the year-end} \times \left(\text{Unit price of security in accounting book} - \text{Market price of a unit of security as at the year-end} \right)$$

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Investments (continued)

3.9.5 Provision for diminution in value of investment (continued)

Unlisted shares

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

- ▶ For shares which have been registered for trading in the market specially tailored for shares of unlisted companies (UPCom), market value is the average trading price within the last 30 transaction days before balance sheet date announced by the Stock exchange.
- ▶ Market value of over-the-counter (OTC) shares is the average price announced by at least three (3) independent securities companies operating in Vietnam.

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

Equity investments in other entities

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

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

Level of provision for investment	=	Actual rate of charter capital (%) of the enterprise at an business organization at the time of making the provision	X	Parties' actual investment capital at the business organization receiving capital contribution at the time of making the provision	-	Actual equity capital of business organization at the time of making the provision
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The basis for setting up the provision is the positive difference between the parties' actual capital contributions and the actual owners' equity at the time of preparing the economic organization's financial statements.

3.10 Payables and accruals

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

3.11 Technical reserves

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves (continued)

a) Technical reserves for non-life insurance

(i) Unearned premium reserve:

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

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

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

(ii) Claims reserves

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

- ▶ Outstanding claims reserve is established based on the estimated claims payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year; and

- ▶ Reserve for incurred but not reported claims is calculated as follow:

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

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

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

(iii) Catastrophe reserve

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves (continued)

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

(iii) *Catastrophe reserve (continued)*

On 28 December 2005, the Ministry of Finance issued Decision No. 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 No. 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 regarding financial regulations for insurance enterprises (“Decree 73”). The Corporation still makes provision for catastrophe reserve for the year ended 31 December 2022. The Corporation has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premium for each insurance product.

b) Technical reserve for health insurance

(i) *Mathematical reserve*

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

(ii) *Unearned premiums reserve*

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

(iii) *Claim reserves*

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Technical reserves* (continued)

b) Technical reserve for health insurance (continued)

(iv) *Balancing reserve*

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

3.12 *Transactions in foreign currencies*

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

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

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

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

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

3.13 *Appropriation of net profits*

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition

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

(i) *Gross written premiums*

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

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

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

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

(ii) *Reinsurance recovery from outward reinsurance*

Reinsurance recovery is recognized on an accrual basis.

(iii) *Commission income from outward reinsurance*

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

(iv) *Interest*

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

(v) *Dividends*

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

(vi) *Rental income*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Expense recognition*

(i) *Outward reinsurance premium*

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

(ii) *Claim expense*

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

(iii) *Commission expense*

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

(iv) *Other general administrative expense*

Other general and administrative expense is recognized on accrual basis.

(v) *Leased assets*

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

3.16 *Recognition of reinsurance activities*

(i) *Reinsurance ceded*

- ▶ Reinsurance premium ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.
- ▶ Reinsurance premium ceded under facultative reinsurance agreements is recognized when the facultative reinsurance agreement has been entered into by the Corporation and when gross written premiums within the scope of the facultative agreements are recognized.
- ▶ Reinsurance recovery is recognized when there is evidence of liability on the part of the reinsurer.
- ▶ Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded. As at the reporting date, reinsurance commission belongs to treaty reinsurance agreement is recognized based on the statement of account with the reinsurer.

At the end of the year, the part of reinsurance commission which is not included in income and expenses of the year corresponding to unearned premium of reinsurance ceded shall be determined and allocated in the subsequent periods based on registered method for unearned premium reserve.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Recognition of reinsurance activities (continued)

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

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

Reinsurance assumed under facultative arrangement:

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

3.17 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

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

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

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

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

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

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

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

3.18 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Financial instruments* (continued)

Financial liabilities

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

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

The Corporation's financial liabilities include trade, other payables, loans and derivative financial instruments.

Financial instruments – subsequent re-measurement

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

Offsetting of financial instruments

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

3.19 *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.

3.20 *Earnings per share*

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

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

3.21 *Related parties*

Parties are considered to be related parties of the group if one party has the ability to control the other parties or exercise significant influence over the other party in making financial and operating decisions, or when the group 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 and for the year then ended 31 December 2022

4. CASH AND CASH EQUIVALENTS

	Currency: VND	
	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	6,829,579,841	8,035,609,717
<i>In which: VND</i>	6,829,579,841	8,035,609,717
Cash at bank	161,895,454,573	212,623,430,273
<i>In which: VND</i>	155,506,676,976	187,776,285,529
<i>Foreign currency</i>	6,388,777,597	24,847,144,744
	<u>168,725,034,414</u>	<u>220,659,039,990</u>

5. SHORT-TERM INVESTMENTS

		Currency: VND	
	<i>Notes</i>	<u>Ending balance</u>	<u>Beginning balance</u>
Trading securities	5.1		
Shares		98,535,654,971	101,560,822,818
Provision for impairment of trading securities		(44,295,607,588)	(17,951,101,999)
Held-to-maturity investments	5.2		
Deposits		3,355,445,125,210	3,106,640,125,210
Bonds		127,172,887,595	127,172,887,595
Certificates of deposits		-	50,000,000,000
		<u>3,482,618,012,805</u>	<u>3,283,813,012,805</u>
Provision for other short-term investment		(255,618,012,805)	(255,618,012,805)
Net value of short-term investments		<u>3,281,240,047,383</u>	<u>3,111,804,720,819</u>

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

5. SHORT-TERM INVESTMENTS (continued)

5.1 Trading Securities

Currency: VND

	Market	Ending balance		Beginning balance		Provision
		Cost	Carrying value	Cost	Carrying value	
NOS	UpCom	20,000,000,000	2,166,000,000	20,000,000,000	5,400,000,000	(14,600,000,000)
TCB	HOSE	17,214,028,506	12,581,195,000	-	-	-
VNM	HOSE	9,951,200,000	8,218,800,000	9,951,200,000	9,331,200,000	(620,000,000)
TCO	HOSE	9,878,810,000	2,869,000,000	9,878,810,000	8,778,000,001	(1,100,809,999)
DGT	UpCom	9,683,360,000	1,798,250,000	9,683,360,000	9,683,360,000	-
NCT	HOSE	9,663,698,000	8,326,596,000	9,663,698,000	8,033,406,000	(1,630,292,000)
CTG	HOSE	9,532,000,000	8,365,750,000	-	-	-
IMP	HOSE	5,319,588,709	5,319,588,709	9,941,369,740	9,941,369,740	-
HDB	HOSE	3,530,500,000	2,591,875,000	-	-	-
HHV	HOSE	2,410,250,000	942,000,000	-	-	-
NTP	HNX	827,538,750	538,560,000	10,817,500,000	10,817,500,000	-
Dia oc 9	OTC	514,000,000	514,000,000	514,000,000	514,000,000	-
CII	HOSE	2,387,394	903,000	5,810,575,441	5,810,575,441	-
GMD	HOSE	2,022,126	2,022,126	2,022,126	2,022,126	-
VPB	HOSE	1,897,526	1,897,526	1,897,526	1,897,526	-
LPB	HOSE	1,570,694	1,048,000	5,407,069,935	5,407,069,935	-
STG	HOSE	1,077,369	1,077,369	1,077,369	1,077,369	-
PTB	HOSE	884,593	670,400	884,593	884,593	-
MBB	HOSE	577,866	577,866	577,866	577,866	-
TCL	HOSE	172,486	172,486	172,486	172,486	-
POW	HOSE	90,952	63,901	90,952	90,952	-
HTP	HNX	-	-	9,886,516,784	9,886,516,784	-
		98,535,654,971	54,240,047,383	101,560,822,818	83,609,720,819	(17,951,101,999)

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

5. SHORT-TERM INVESTMENTS (continued)

5.2 Held-to-maturity investments

Currency: VND

	Ending balance		Beginning balance		Provision
	Cost	Carrying value	Cost	Carrying value	
Deposits (i)	3,355,445,125,210	3,177,000,000,000	3,106,640,125,210	2,928,195,000,000	(178,445,125,210)
Bonds	127,172,887,595	50,000,000,000	127,172,887,595	50,000,000,000	(77,172,887,595)
- Song Da - Thang Long, JSC (ii)	8,763,407,588	-	8,763,407,588	-	(8,763,407,588)
- Vinashin (ii)	68,409,480,007	-	68,409,480,007	-	(68,409,480,007)
- Vietnam International Bank (iii)	50,000,000,000	50,000,000,000	50,000,000,000	50,000,000,000	-
Certificates of deposit	-	-	50,000,000,000	50,000,000,000	-
	3,482,618,012,805	3,227,000,000,000	3,283,813,012,805	3,028,195,000,000	(255,618,012,805)

(i) Term deposits having original terms greater than 3 months, remaining terms not greater than 12 months as at 31 December 2022 which earn interest at rates ranging from 4.6% p.a. to 8.9% p.a. Provision for term deposit receivable 178 billion VND is provision for overdue deposit at ALC2.

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

(iii) Bonds of Vietnam International Commercial Joint Stock Bank (VIB) have the remaining term as at 31 December 2022 less than 12 months which earn interest at rate 9.4% p.a.

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

6. SHORT-TERM RECEIVABLES

	<i>Ending balance</i>	<i>Currency: VND Beginning balance</i>
Trade receivables	773,041,934,916	754,412,965,593
Direct Insurance receivables	254,420,097,904	204,822,750,553
Assumed premium receivables	239,105,045,874	203,231,722,311
Reinsurance ceded receivables	271,567,158,290	338,055,012,108
Receivables from co-insurers	772,733,148	1,309,282,312
Other trade receivables	7,176,899,700	6,994,198,309
Advances to suppliers	4,069,611,910	3,815,664,536
Other receivables	273,963,911,368	266,081,632,546
Investment receivables	157,581,835,889	160,254,007,630
Other receivables	116,382,075,479	105,827,624,916
	1,051,075,458,194	1,024,310,262,675
Provision for doubtful debts	(312,539,212,816)	(331,179,853,514)
Provision for doubtful debts of trade receivables	(238,218,254,273)	(256,858,894,971)
Provision for doubtful debts of investment receivables	(74,320,958,543)	(74,320,958,543)
Net short-term receivables	738,536,245,378	693,130,409,161

7. INVENTORIES

	<i>Ending balance</i>	<i>Currency: VND Beginning balance</i>
Pre-printed certificates	4,942,628,637	5,478,728,360
Materials and stationery	282,891,539	142,900,821
	5,225,520,176	5,621,629,181

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

8. SHORT-TERM PREPAID EXPENSES

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>Currency: VND</i>
		<i>Ending balance</i>
		<i>Beginning balance</i>
Unallocated commission expenses	264,605,176,559	217,198,086,583
Other prepaid expenses	369,300,887,996	259,643,985,237
- <i>Tools and equipment</i>	9,643,081	5,163,638
- <i>Prepaid expenses for external services</i>	367,427,477,670	258,430,815,703
- <i>Other prepaid expenses</i>	1,863,767,245	1,208,005,896
	633,906,064,555	476,842,071,820

9. LONG-TERM RECEIVABLES

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>Currency: VND</i>
		<i>Ending balance</i>
		<i>Beginning balance</i>
Statutory deposit (*)	7,000,000,000	10,000,000,000
Other long-term receivables	7,458,516,104	4,799,951,039
Accrual interest receivables	1,315,068	179,978,082
	14,459,831,172	14,979,929,121

(*) The Corporation has to maintain statutory insurance deposit equivalent to 2% of its legal capital according to Decree No. 73/2016/ND-CP.

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

10. TANGIBLE FIXED ASSETS

Costs	Machinery and equipment	Vehicles	Office equipment	Building	Other tangible fixed assets	Currency: VND	
						Total	Total
Costs							
Beginning balance	622,199,009	73,016,953,351	19,785,707,100	138,211,961,071	6,882,882,132	238,519,702,663	
Newly purchased	98,886,000	7,450,000	14,300,000	634,916,950	-	755,552,950	
Disposed	-	-	(133,499,840)	-	-	(133,499,840)	
Ending balance	721,085,009	73,024,403,351	19,666,507,260	138,846,878,021	6,882,882,132	239,141,755,773	
<i>In which:</i>							
Fully depreciated	-	20,072,936,269	17,878,727,632	15,010,452,188	3,865,990,029	56,828,106,118	
Accumulated depreciation							
Beginning balance	110,722,267	44,486,891,350	18,433,679,697	86,728,040,748	5,497,064,153	155,256,398,215	
Depreciation for the year	44,902,083	5,353,127,167	594,653,577	4,615,237,651	560,080,199	11,168,000,677	
Disposed	-	-	(133,499,840)	-	-	(133,499,840)	
Ending balance	155,624,350	49,840,018,517	18,894,833,434	91,343,278,399	6,057,144,352	166,290,899,052	
Net carrying amount							
Beginning balance	511,476,742	28,530,062,001	1,352,027,403	51,483,920,323	1,385,817,979	83,263,304,448	
Ending balance	565,460,659	23,184,384,834	771,673,826	47,503,599,622	825,737,780	72,850,856,721	

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

11. INTANGIBLE FIXED ASSETS

	<i>Currency: VND</i>		
	<u>Software</u>	<u>Land use rights</u>	<u>Total</u>
Costs			
Beginning balance	90,040,768,187	194,166,163,294	284,206,931,481
Ending balance	<u>90,040,768,187</u>	<u>194,166,163,294</u>	<u>284,206,931,481</u>
<i>In which:</i>			
Fully depreciated	75,529,685,347	1,669,382,727	77,199,068,074
Accumulated amortization			
Beginning balance	79,586,605,237	15,481,084,686	95,067,689,923
Amortisation for the year	<u>1,964,590,745</u>	<u>1,922,588,117</u>	<u>3,887,178,862</u>
Ending balance	<u>81,551,195,982</u>	<u>17,403,672,803</u>	<u>98,954,868,785</u>
Net carrying amount			
Beginning balance	<u>10,454,162,950</u>	<u>178,685,078,608</u>	<u>189,139,241,558</u>
Ending balance	<u>8,489,572,205</u>	<u>176,762,490,491</u>	<u>185,252,062,696</u>

12. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Construction in progress	22,824,124,009	22,401,669,207
Purchased fixed assets	84,324,182	804,324,182
Repaired fixed assets	<u>6,392,030,754</u>	<u>5,480,477,744</u>
	<u>29,300,478,945</u>	<u>28,686,471,133</u>

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

13. INVESTMENT PROPERTIES

	Currency: VND		
	<u>Building</u>	<u>Land use rights</u>	<u>Total</u>
Costs			
Beginning balance	80,177,678,249	101,071,189,764	181,248,868,013
<i>Addition resulting from capitalised subsequent expenditure</i>	<u>612,485,450</u>	-	<u>612,485,450</u>
Ending balance	<u>80,790,163,699</u>	<u>101,071,189,764</u>	<u>181,861,353,463</u>
<i>In which:</i>			
<i>Fully depreciated</i>	8,505,821,827	-	8,505,821,827
Accumulated depreciation			
Beginning balance	24,411,799,460	-	24,411,799,460
<i>Depreciation</i>	<u>2,853,904,665</u>	-	<u>2,853,904,665</u>
Ending balance	<u>27,265,704,125</u>	-	<u>27,265,704,125</u>
Net carrying amount			
Beginning balance	<u>55,765,878,789</u>	<u>101,071,189,764</u>	<u>156,837,068,553</u>
Ending balance	<u>53,524,459,574</u>	<u>101,071,189,764</u>	<u>154,595,649,338</u>

14. LONG-TERM INVESTMENTS

	Currency: VND		
	<u>Notes</u>	<u>Ending balance</u>	<u>Beginning balance</u>
Investments in associates and joint-venture	14.1	145,350,000,000	145,350,000,000
Investments in other entities	14.1	57,615,300,000	57,615,300,000
Provision for impairment of other long-term investments	14.1	(2,860,375,464)	(2,250,236,399)
Held-to-maturity investments	14.2	52,001,000,000	164,701,000,000
- <i>Term deposits</i>		300,000,000	63,000,000,000
- <i>Bonds</i>		<u>51,701,000,000</u>	<u>101,701,000,000</u>
		<u>252,105,924,536</u>	<u>365,416,063,601</u>

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

14. LONG-TERM INVESTMENTS (continued)

14.1. Investments in associates and jointly controlled entities

	Ending balance		Beginning balance	
	Cost VND	Provision VND	Carrying value VND	Cost VND
Investment in associates and joint-venture (*)	145,350,000,000	-	145,350,000,000	145,350,000,000
Investments in other entities	57,615,300,000	(2,860,375,464)	54,754,924,536	(2,250,236,399)
Ha Long Bay Hotel Joint Stock Company	6,000,000,000	(112,795,565)	5,887,204,435	6,000,000,000
Sai Gon Kim Lien JSC Vietnam National Reinsurance Corporation (Vinare)	7,618,100,000	(2,747,579,899)	4,870,520,101	(2,250,236,399)
Ha Tien Cement Joint-Stock Company	43,218,000,000	-	43,218,000,000	43,218,000,000
	779,200,000	-	779,200,000	779,200,000

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

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Held-to-maturity investments

	Ending balance			Beginning balance				
	Term Year	Interest rate % per annum	Cost VND	Carrying value VND	Term Year	Interest rate % per annum	Cost VND	Carrying value VND
Term deposits	1 – 2	8.0	300,000,000	300,000,000	1 – 2	4.3 – 6.2	63,000,000,000	63,000,000,000
Corporate bonds	5	7.3 – 11.0	51,701,000,000	51,701,000,000	2 – 5	7.6 – 11	101,701,000,000	101,701,000,000
			52,001,000,000	52,001,000,000			164,701,000,000	164,701,000,000

15. LONG-TERM PREPAID EXPENSES

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

	Ending balance	Beginning balance
Prepaid rentals	15,033,318,834	12,527,310,504
Tools and equipment	3,429,419,321	3,132,018,245
Others	3,393,764,418	3,732,327,097
	21,856,502,573	19,391,655,846

Currency: VND



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

16. TRADE PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Claims payables	25,632,006,526	43,889,943,531
Reinsurance assumed payables	211,906,003,875	222,403,454,374
Reinsurance ceded payables	446,782,127,507	385,582,729,649
Payables to co-insurers	54,544,631,278	25,299,776,452
Other payables for direct insurance activities	89,088,260,110	75,359,120,896
Commission payables	51,378,820,759	92,748,951,542
	<u>879,331,850,055</u>	<u>845,283,976,444</u>

17. STATUTORY OBLIGATIONS

	<i>Currency: VND</i>			
	<i>Beginning balance</i>	<i>Movement during the year</i>		<i>Ending balance</i>
		<i>Increased</i>	<i>Paid</i>	
Value added tax	23,097,112,030	141,241,160,439	(178,286,290,605)	(13,948,018,136)
Corporate income tax	11,465,100,265	47,460,639,430	(42,186,349,033)	16,739,390,662
Personal income tax	1,225,733,870	27,247,073,823	(27,419,790,822)	1,053,016,871
Other taxes	(299,076,602)	5,830,302,569	(9,000,817,467)	(3,469,591,500)
	<u>35,488,869,563</u>	<u>221,779,176,261</u>	<u>(256,893,247,927)</u>	<u>374,797,897</u>

18. UN-EARNED COMMISSION REVENUE

	<i>Currency: VND</i>			
	<i>Beginning balance</i>	<i>Increased</i>	<i>Allocate during year</i>	<i>Ending balance</i>
Reinsurance ceded commission income	90,552,814,720	244,594,958,156	(230,506,334,074)	104,641,438,802

19. OTHER SHORT-TERM PAYABLES

Other current payables present social insurance payable, health insurance payable, unemployment insurance payable, compulsory fire and explosion fund, deposits received and other payables relating to insurance business operation.

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

20. TECHNICAL RESERVES

	Ending balance		Beginning balance		Currency: VND	
	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve	Direct insurance and inward reinsurance		Outward reinsurance
Unearned premium reserve	1,874,304,158,642	(455,218,380,182)	1,419,085,778,460	1,548,104,092,014	(379,950,827,788)	1,168,153,264,226
Claim reserve	1,259,858,297,105	(983,714,186,807)	276,144,110,298	2,083,544,882,985	(1,617,885,993,931)	465,658,889,054
	3,134,162,455,747	(1,438,932,566,989)	1,695,229,888,758	3,631,648,974,999	(1,997,836,821,719)	1,633,812,153,280

20.1 Unearned Premium reserve

	Ending balance		Beginning balance		Currency: VND	
	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve	Direct insurance and inward reinsurance		Outward reinsurance
Opening balance	1,548,104,092,014	(379,950,827,788)	1,168,153,264,226	1,373,969,505,219	(306,539,651,636)	1,067,429,853,583
Movement during the year	326,200,066,628	(75,267,552,394)	250,932,514,234	174,134,586,795	(73,411,176,152)	100,723,410,643
Closing balance	1,874,304,158,642	(455,218,380,182)	1,419,085,778,460	1,548,104,092,014	(379,950,827,788)	1,168,153,264,226

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

20. TECHNICAL RESERVES (continued)

20.2 Claim reserve

	Ending balance		Beginning balance		Currency: VND	
	Direct insurance and inward reinsurance	Outward reinsurance	Net reserve	Direct insurance and inward reinsurance		Outward reinsurance
Opening balance	2,083,544,882,985	(1,617,885,993,931)	465,658,889,054	1,483,563,452,413	(1,131,758,028,601)	351,805,423,812
Movement during the year	(823,686,585,880)	634,171,807,124	(189,514,778,756)	599,981,430,572	(486,127,965,330)	113,853,465,242
Closing balance	1,259,858,297,105	(983,714,186,807)	276,144,110,298	2,083,544,882,985	(1,617,885,993,931)	465,658,889,054

Based on loss estimate for each individual large claim, for which the Corporation is liable, which is either notified to the Corporation or requested for payment but is still unresolved as at 31 December 2022. Such reserves amounted to VND 1,179,250,018,257 in which, the amount recoverable from reinsurers relating to these outstanding claims amounted to VND 940,298,829,209.

Reserves for claims incurred but not reported as at 31 December 2022, amounted to VND 37,192,921,250.

20.3 Catastrophe reserve

	Currency: VND	
	Ending balance	Beginning balance
Beginning balance	165,018,435,580	127,899,591,279
Increased for the year	45,294,229,608	37,118,844,301
Ending balance	210,312,665,188	165,018,435,580

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

21. STATEMENT OF CHANGES IN EQUITY

	Charter capital	Share premium	Financial reserves funds	Retained earning	Statutory reserve fund	Total
Beginning balance	1,096,239,850,000	792,244,224,449	28,085,153,439	314,678,973,341	104,108,119,199	2,335,356,320,428
Appropriation to bonus and welfare fund, remuneration to members of Board of Management and Board of Supervision	-	-	-	(41,640,352,161)	-	(41,640,352,161)
Dividend paid	-	-	-	(164,435,977,500)	-	(164,435,977,500)
Profit for the year	-	-	-	290,869,393,051	-	290,869,393,051
Statutory reserve fund	-	-	-	(5,515,865,801)	5,515,865,801	-
Ending balance	1,096,239,850,000	792,244,224,449	28,085,153,439	393,956,170,930	109,623,985,000	2,420,149,383,818

Currency: VND

21.1 Contributed capital

	Ending balance		Beginning balance	
	Total	Bonus shares	Total	Bonus shares
Contributed capital	1,096,239,850,000	1,096,239,850,000	1,096,239,850,000	1,096,239,850,000
Share premium	792,244,224,449	792,244,224,449	792,244,224,449	792,244,224,449
1,888,484,074,449	1,888,484,074,449	1,888,484,074,449	1,888,484,074,449	1,888,484,074,449

Currency: VND

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

21. STATEMENT OF CHANGES IN EQUITY (continued)

21.2 Dividend

On 28 April 2022, the Corporation has held successfully Annual General Meeting of 2022 and approved the dividend at the rate of 15% for year 2021 (VND 1,500 per share) on charter capital of VND 1,096,239,850,000 equivalent to VND 164,435,977,500.

22. INSURANCE REVENUES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Direct premium	5,406,783,114,188	4,503,642,044,241
Deductions on direct premium	(7,812,198,309)	(7,252,630,915)
Net direct premium	5,398,970,915,879	4,496,389,413,326
Assumed premium	583,090,832,613	528,677,662,683
Deductions on assumed premium	(694,564,595)	(4,277,529,615)
Net assumed premium	582,396,268,018	524,400,133,068
Increase in gross written un-earned premium reserve	(326,200,066,628)	(174,134,586,795)
	5,655,167,117,269	4,846,654,959,599

22.1 Direct premium

	<i>Currency: VND</i>	
<i>Product</i>	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	1,124,651,371,863	985,074,827,711
Health and Personal Accident Insurance	2,160,601,246,823	1,708,985,043,944
Cargo Insurance	174,516,573,894	161,315,559,359
Aviation Insurance	38,013,810,787	1,472,049,444
Engineering Insurance	182,558,039,847	146,142,654,027
Agriculture Insurance	797,322,639	5,225,166,427
Marine Insurance	144,223,020,724	111,004,811,805
Business Interruption Insurance	103,875,750,713	99,354,575,846
Credit Insurance	527,868,614,091	464,915,628,941
Liability Insurance	78,848,987,397	69,576,627,590
Vehicle Insurance	863,016,177,101	743,322,468,232
	5,398,970,915,879	4,496,389,413,326

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

22. INSURANCE REVENUES (continued)

22.2 Assumed premium

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	345,516,129,019	374,302,213,752
Health and Personal Accident Insurance	17,177,830,865	24,114,631,476
Cargo Insurance	46,665,049,244	24,899,954,990
Aviation Insurance	73,739,901,188	38,857,546,989
Engineering Insurance	53,736,511,135	34,538,858,289
Agriculture Insurance	550,898,772	(1,606,568)
Marine Insurance	18,433,272,271	16,350,549,497
Liability Insurance	24,527,042,048	11,163,726,695
Vehicle Insurance	2,049,633,476	174,257,948
	582,396,268,018	524,400,133,068

23. CEDED PREMIUM

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Ceded premium	1,451,944,223,252	1,350,537,348,068
Increase in un-earned ceded premium reserve	(75,267,552,394)	(73,411,176,152)
	1,376,676,670,858	1,277,126,171,916

23.1 Ceded premium

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	897,910,207,997	913,691,808,825
Health and Personal Accident Insurance	4,584,104,503	2,064,597,734
Cargo Insurance	82,370,623,198	84,987,792,624
Aviation Insurance	41,420,238,645	837,810,488
Engineering Insurance	130,431,353,848	107,347,447,425
Agriculture Insurance	757,811,419	4,725,911,994
Marine Insurance	93,131,988,927	48,847,802,877
Business Interruption Insurance	97,073,403,389	97,631,821,333
Credit Insurance	53,901,226,648	45,730,779,982
Liability Insurance	50,181,732,459	44,341,934,595
Vehicle Insurance	181,532,219	329,640,191
	1,451,944,223,252	1,350,537,348,068

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

24. CEDED COMMISSION AND OTHER INCOME FROM INSURANCE ACTIVITIES

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Reinsurance ceded commission	230,506,334,074	192,011,420,093
Other incomes from insurance activities	1,397,833,607	7,143,381,495
	<u>231,904,167,681</u>	<u>199,154,801,588</u>

25. CLAIM EXPENSES

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Direct claim expenses and claim expenses on inward reinsurance	2,143,825,390,552	1,616,903,051,810
- <i>Direct claim expenses</i> (Note 25.1)	1,766,011,602,971	1,313,922,963,466
- <i>Claim expenses on inward reinsurance</i> (Note 25.2)	377,813,787,581	302,980,088,344
Reductions on claim expenses (Recovery from third party and salvages)	(16,006,545,976)	(6,463,769,074)
Recovery from reinsurance ceded (Decrease)/increase in gross claim reserve and reinsurance assumed claim reserve	(713,001,789,524)	(497,747,533,799)
Decrease/increase in outward reinsurance claim reserve	(823,686,585,880)	599,981,430,572
	<u>634,171,807,124</u>	<u>(486,127,965,330)</u>
	<u>1,225,302,276,296</u>	<u>1,226,545,214,179</u>

25.1 *Direct claim expenses*

<u>Product</u>	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Fire & Explosion Insurance	688,349,668,449	430,808,796,017
Health and Personal Accident Insurance	468,282,658,097	316,221,465,406
Cargo Insurance	62,717,419,844	44,169,783,734
Aviation Insurance	215,826,998	-
Engineering Insurance	39,262,627,593	53,572,275,185
Agriculture Insurance	21,200,000	-
Marine Insurance	55,097,411,440	59,452,689,180
Business Interruption Insurance	-	12,217,307,265
Credit Insurance	46,500,275,594	30,085,075,642
Liability Insurance	3,348,659,195	7,359,696,672
Vehicle Insurance	402,215,855,761	360,035,874,365
	<u>1,766,011,602,971</u>	<u>1,313,922,963,466</u>

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

25. CLAIM EXPENSES (continued)

25.2 Claim expenses on inward reinsurance

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	241,470,467,976	196,684,213,062
Health and Personal Accident Insurance	14,483,717,348	25,905,974,480
Cargo Insurance	16,928,351,252	25,879,886,441
Aviation Insurance	43,264,878,963	21,034,308,918
Engineering Insurance	19,365,077,262	18,792,503,556
Agriculture Insurance	2,981,776,215	1,656,084,939
Marine Insurance	25,211,940,576	8,200,160,636
Liability Insurance	13,860,369,297	4,658,836,901
Vehicle Insurance	247,208,692	168,119,411
	<u>377,813,787,581</u>	<u>302,980,088,344</u>

25.3 Recovery from reinsurance ceded

<i>Product</i>	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fire & Explosion Insurance	642,423,948,533	405,377,001,106
Health and Personal Accident Insurance	22,829,674	1,724,118
Cargo Insurance	28,407,398,993	27,589,192,816
Aviation Insurance	202,254,675	-
Engineering Insurance	29,212,302,659	36,704,422,449
Marine Insurance	13,015,351,090	19,467,668,583
Business Interruption Insurance	-	11,996,755,863
Credit Insurance	(933,338,672)	(7,842,490,005)
Liability Insurance	628,672,509	4,421,534,470
Vehicle Insurance	22,370,063	31,724,399
	<u>713,001,789,524</u>	<u>497,747,533,799</u>

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

26. OTHER OPERATING EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Commission expense	796,562,080,888	675,331,609,901
Underwriting expense	951,375,487,713	650,369,868,600
Salary	479,993,480,796	454,071,402,753
Selling, advertising expense	366,001,131,028	282,781,821,526
Agent supporting expense	256,575,624,609	170,361,443,824
Other service expenses	37,197,987,930	32,701,902,429
Reversal for doubtful debt	(18,218,987,118)	(30,434,816,760)
Loss prevention expense	20,516,600,121	18,551,136,392
Office expense	16,938,649,345	15,918,086,917
Promotion expense for students insurance	20,085,686,175	14,487,361,782
Depreciation expense	9,860,540,070	10,043,059,852
Tax, fee	10,087,156,208	9,018,413,397
Expense for insured's risk assessment	427,054,083	216,014,775
Other expenses	6,724,431,579	7,629,129,974
	<u>2,954,126,923,427</u>	<u>2,311,046,435,362</u>

27. FINANCE INCOME

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income from deposits at banks	171,072,434,458	171,634,155,411
Dividends earned	91,508,181,597	50,443,313,753
Foreign exchange gains	23,364,445,974	18,751,099,269
Gain from investment securities	13,418,092,153	59,848,629,420
Coupon interest from investments in bonds	10,288,930,626	12,003,066,059
Other finance income	1,427,064,003	1,386,091,470
	<u>311,079,148,811</u>	<u>314,066,355,382</u>

28. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Expenses allocated from administrative expenses	70,404,823,671	89,561,815,018
Foreign exchange losses	27,541,740,371	14,375,150,238
Provisions/(reversal of provisions) for investment	26,954,644,654	(35,656,474,870)
Loss from trading securities	-	7,480,762,097
Other financial expenses	636,660,163	222,695,407
	<u>125,537,868,859</u>	<u>75,983,947,890</u>

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

29. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	79,176,745,066	71,178,232,423
Stationeries, tools & equipment	2,970,285,605	3,210,357,206
Depreciation expenses	4,334,245,306	5,014,118,790
Tax and fees	338,054,839	61,388,193
Expenses for external services	23,456,456,508	34,625,998,731
Conference, meeting expenses	22,976,875,787	13,944,252,141
Other expenses	5,369,768,469	4,848,252,279
	<u>138,622,431,580</u>	<u>132,882,599,763</u>

30. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Proceeds on disposal of assets	22,094,274	891,712,727
Other income	7,183,394,457	131,131,354
Other income	<u>7,205,488,731</u>	<u>1,022,844,081</u>
Other expenses	(4,180,907,468)	(300,519,640)
Other expenses	<u>(4,180,907,468)</u>	<u>(300,519,640)</u>
Net other income	<u>3,024,581,263</u>	<u>722,324,441</u>

31. CURRENT CORPORATE INCOME TAX

In 2022, the Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 20% of its taxable profits (2021: 20%).

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

31.1 Corporate Income Tax Expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current Corporate Income Tax Expenses	46,554,189,784	45,110,783,001
Adjustment for under accrual of tax from prior year	906,449,645	-
Deferred tax expense	4,408,670,137	6,106,806,373
Corporate Income Tax Expenses	<u>51,869,309,566</u>	<u>51,217,589,374</u>

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

31. CURRENT CORPORATE INCOME TAX (continued)

31.2 Current Corporate Income Tax

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

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

	<u>Current year</u>	<u>Previous year</u>
		<i>Currency: VND</i>
		<i>Previous year</i>
Accounting profit before tax	342,738,702,617	306,299,217,343
At CIT rate of 20%	68,547,740,523	61,259,843,468
Adjustments to increase		
Non-deductible expenses	225,303,405	46,408,656
Penalty	491,452,312	-
Adjustment for under accrual of tax from prior year	906,449,645	-
Adjustments to decrease		
Non-taxable income	(18,301,636,319)	(10,088,662,750)
Estimated current Corporate income tax expenses	<u>51,869,309,566</u>	<u>51,217,589,374</u>

31.3 Deferred Income Tax

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

	<u>Balance sheet</u>		<u>Income statement</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Current year</u>	<u>Previous year</u>
Deferred tax assets				
Provision expenses for doubtful debt	19,195,203,404	23,603,873,541	(4,408,670,137)	(6,106,806,373)
Net deferred tax assets	<u>19,195,203,404</u>	<u>23,603,873,541</u>		
Net deferred tax expense charged to income statement			<u>(4,408,670,137)</u>	<u>(6,106,806,373)</u>

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

32. COMMITMENTS AND OTHER OBLIGATIONS

Operational leasing commitments

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

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>Currency: VND</i>
		<i>Ending balance</i>
Within 1 year	9,101,596,520	7,263,682,710
From 1-5 years	13,498,775,846	6,662,360,700
Over 5 years	234,000,000	15,000,000
	<u>22,834,372,366</u>	<u>13,941,043,410</u>

33. OFF BALANCE SHEET ITEMS

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currencies		
- USD	272,433	1,066,829
- EUR	248	19,759
- JPY	41	24,893
- SGD	289	11,311

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

34. TRANSACTIONS WITH RELATED PARTIES

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

List of related parties as at 31 December 2022 is as follows:

<i>Related parties</i>	<i>Relationship</i>
State Capital Investment Corporation	Shareholder
AXA.SA – France	Shareholder
Firstland Ltd, Co.	Shareholder
Bao Minh's employees and other shareholders	Shareholder
United Insurance Company	Joint Venture Company
Vietnam National Reinsurance Corporation (Vinare)	The Corporation is the shareholder

Significant transactions with related companies during the period were as follows:

<i>Related parties</i>	<i>Transactions</i>	<i>Currency: VND</i>	
		<i>Current year</i>	<i>Previous year</i>
AXA.SA - France	Ceded premium	78,520,829,675	95,229,772,837
	Ceded commission	5,681,550,347	8,221,153,791
United Insurance Company of Vietnam	Assumed premium	122,014,057,276	70,675,615,285
	Assumed commission expense	46,683,334,874	26,181,901,175
Vinare	Ceded premium	11,290,839,072	11,843,901,160
	Ceded commission	677,154,505	866,356,669
	Assumed premium	82,706,274,674	65,860,611,484
	Assumed commission expense	21,605,756,563	15,676,496,909

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

<i>Related party</i>	<i>Description</i>	<i>Currency: VND</i>	
		<i>Ending balance</i>	<i>Beginning balance</i>
AXA.SA - France	Claim recovery receivable	8,655,030,272	81,876,438,634
	Ceded premium payable	(75,195,537,726)	(55,180,493,400)
United Insurance Company of Vietnam	Assumed premium receivable	7,410,105,394	44,493,714,110
	Claim recovery payable	(8,795,626,422)	(17,723,377,241)
Vinare	Claim recovery receivable	52,756,378,889	63,938,048,370
	Ceded premium payable	(49,109,431,589)	(52,824,732,519)
	Assumed premium receivable	55,987,215,509	80,718,719,255
	Claim recovery payable	(56,098,764,721)	(75,885,452,646)

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

34. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Name	Title	Current year	Previous year
Dinh Viet Tung	Chairman	227,991,042	13,900,000
Vu Thai Huyen	Chairwoman	13,026,931	52,800,000
Vu Anh Tuan	Board of Directors member, Chief Executive Officer	1,398,469,417	1,279,539,581
Ivan Tam Kwok Wing	Board of Directors member	232,117,974	66,600,000
Bui Thi Thu Thanh	Board of Directors member	232,117,974	66,600,000
Le Viet Thanh	Board of Directors member	232,117,974	66,600,000
Callard Stumpf Céline	Board of Directors member	232,117,974	66,600,000
Tran Van Ta	Board of Directors member	403,000,000	240,000,000
Le Minh Tuyet	Head of the Board of Supervision	232,117,974	66,600,000
Nicolas De Nazelle	Board of Supervision member	191,274,379	53,300,000
Phan Thi Hong Phuong	Board of Supervision member	191,274,379	53,300,000
Jonathan Yau Chun Hung	Board of Supervision member	191,274,379	53,300,000
Pham Minh Tuan	Deputy Chief Executive Officer	1,122,878,271	1,216,302,716
Nguyen The Nang	Deputy Chief Executive Officer	1,170,153,576	1,200,089,546
Chau Quang Linh	Deputy Chief Executive Officer	936,041,154	950,065,353
Sai Van Hung	Chief Accountant	873,583,556	1,159,559,532

Currency: VND

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

35. EARNINGS PER SHARE

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated) (*)</i>
Net profit after tax attributable to ordinary shareholders	290,869,393,051	255,081,627,969
Distribution to bonus and welfare fund (**)	(40,021,403,211)	38,619,278,870
Net profit after tax attributable to ordinary shareholders for basic earnings	250,847,989,840	216,462,349,099
Weighted average number of ordinary shares for basic earnings per share	109,623,985	109,623,985
Basic earnings per share	2,288	1,975

(*) Net profit used to compute earnings per share for the year 2021 as presented in the financial statements for the year 2021 was restated to reflect the actual allocation to bonus and welfare fund from 2021 retained earnings following the resolution of the shareholders meeting No. 0001/2022-BM/DHDCD dated date 28 April 2022.

(**) Net profit used to compute earnings per share for the year 2022 was adjusted for the provisional allocation to bonus and welfare fund from 2022 profit following the approval by the resolution of the shareholders meeting No. 0001/2022-BM/DHDCD dated date 28 April 2022. The actual distribution to bonus and welfare fund from 2021 retained earnings will be decided according to the resolution of Annual General Meeting of 2023.

36. RISK MANAGEMENT FRAMEWORK

36.1 Risk management framework

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

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

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

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

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

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

36. RISK MANAGEMENT FRAMEWORK (continued)

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

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

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

36.3 *Capital management and regulatory framework*

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

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

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

	<i>Corporation Solvency Margin VND million</i>	<i>Minimum Solvency Margin VND million</i>	<i>Solvency Margin Ratio</i>
31 December 2022	1,314,534	1,132,356	116%
31 December 2021	1,229,949	917,563	134%

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

36.4 *Underwriting strategy*

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

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

36. RISK MANAGEMENT FRAMEWORK (continued)

36.5 *Reinsurance strategy*

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

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

36.6 *Management of insurance and financial risk*

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

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

Insurance risk

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

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

In 2022, the Corporation has revised the premium rate for each risk categories based on analysis of the loss experience and trends of risks, inflation, competition and change in regulations. With high loss rate and expenses categories, the Corporation only accepts to enter the insurance contract with higher premium or limited insurance coverage or increased deductible amount. The Corporation also increased the insurance acceptance rate for low risk group to increase market share and revenue.

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

Other risks

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

The mentioned risks are managed by the Corporation as follows:

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

36. RISK MANAGEMENT FRAMEWORK (continued)

36.6 Management of insurance and financial risk (continued)

Credit risk

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

Credit risk arising from insurance operations

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

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

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

Credit risk arising from investment activities

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

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

Liquidity risk

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

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

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

36. RISK MANAGEMENT FRAMEWORK (continued)

36.6 Management of insurance and financial risk (continued)

Liquidity risk (continued)

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

	Overdue	No maturity date	Up to 1 year	From 1 - 5 years	Currency: VND Total
31 December 2022					
Financial assets					
Fixed term investments	255,618,012,805	-	3,227,000,000,000	52,001,000,000	3,534,619,012,805
- Held to maturity	77,172,887,595	-	50,000,000,000	51,701,000,000	178,873,887,595
- Loans and receivables - deposit contract	178,445,125,210	-	3,177,000,000,000	300,000,000	3,355,745,125,210
Equity investment	-	301,500,954,971	-	-	301,500,954,971
- Available for sale securities	-	98,535,654,971	-	-	98,535,654,971
- Investments in joint-venture and associate	-	145,350,000,000	-	-	145,350,000,000
- Other long-term investments	-	57,615,300,000	-	-	57,615,300,000
Receivables	105,813,433,524	-	2,112,546,563,359	271,648,028,300	2,490,008,025,183
- Insurance receivables	105,813,433,524	-	395,580,473,092	271,648,028,300	773,041,934,916
- Advance to suppliers	-	-	4,069,611,910	-	4,069,611,910
- Other receivables	-	-	273,963,911,368	-	273,963,911,368
- Reinsurance assets	-	-	1,438,932,566,989	-	1,438,932,566,989
Cash and cash equivalents	-	168,725,034,414	-	-	168,725,034,414
	361,431,446,329	470,225,989,385	5,339,546,563,359	323,649,028,300	6,494,853,027,373

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

36. RISK MANAGEMENT FRAMEWORK (continued)

36.6 Management of insurance and financial risk (continued)

Liquidity risk (continued)

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

	Overdue	No maturity date	Up to 1 year	From 1 - 5 years	Currency: VND Total
31 December 2021					
Financial assets					
Fixed term investments	255,618,012,805	-	3,028,195,000,000	164,701,000,000	3,448,514,012,805
- Held to maturity	77,172,887,595	-	50,000,000,000	101,701,000,000	228,873,887,595
- Loans and receivables - deposit contract	178,445,125,210	-	2,978,195,000,000	63,000,000,000	3,219,640,125,210
Equity investments	-	304,526,122,818	-	-	304,526,122,818
- Available for sale securities	-	101,560,822,818	-	-	101,560,822,818
- Investments in joint-venture and associate	-	145,350,000,000	-	-	145,350,000,000
- Other long-term investments	-	57,615,300,000	-	-	57,615,300,000
Receivables	101,149,414,416	-	2,628,192,214,553	292,805,455,425	3,022,147,084,394
- Insurance receivables	101,149,414,416	-	360,458,095,752	292,805,455,425	754,412,965,593
- Advance to suppliers	-	-	3,815,664,536	-	3,815,664,536
- Other receivables	-	-	266,081,632,546	-	266,081,632,546
- Reinsurance assets	-	-	1,997,836,821,719	-	1,997,836,821,719
Cash and cash equivalents	-	220,659,039,990	-	-	220,659,039,990
	356,767,427,221	525,185,162,808	5,656,387,214,553	457,506,455,425	6,995,846,260,007

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

36. RISK MANAGEMENT FRAMEWORK (continued)

36.6 Management of insurance and financial risk (continued)

Liquidity risk (continued)

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

	Overdue	No maturity date	Up to 1 year	From 1 - 5 years	Total
<i>Currency: VND</i>					
31 December 2022					
Financial Liabilities					
Insurance payables	-	-	879,331,850,055	-	879,331,850,055
Technical reserves	-	-	3,227,114,981,457	117,360,139,478	3,344,475,120,935
Other short-term payables	-	-	20,678,398,749	-	20,678,398,749
	-	-	4,127,125,230,261	117,360,139,478	4,244,485,369,739
31 December 2021					
Financial Liabilities					
Insurance payables	-	-	845,283,976,444	-	845,283,976,444
Technical reserves	-	-	3,666,528,750,347	130,138,660,232	3,796,667,410,579
Other short-term payables	-	-	28,232,349,065	-	28,232,349,065
	-	-	4,540,045,075,856	130,138,660,232	4,670,183,736,088

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

36. RISK MANAGEMENT FRAMEWORK (continued)

36.6 Management of insurance and financial risk (continued)

Market risk

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

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Financial Assets

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

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

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

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial Assets (continued)

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

Financial asset that satisfies either of the following conditions:

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

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

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

▶ ***Loans and receivables***

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

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

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

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial Assets (continued)

▶ **Available-for-sale assets**

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

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

Financial liabilities

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

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

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

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

▶ **Financial liabilities measured at amortized cost**

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

Offsetting of financial assets and financial liabilities

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

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

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The table below presents the carrying value and fair value of financial assets which are presented in the financial statements of the Corporation as at 31 December 2022 and 31 December 2021:

	Book value		Fair value		Currency: VND
	Ending balance		Beginning balance		
	Cost	Provision	Cost	Provision	
Financial assets					
Fixed term investments	3,534,619,012,805	(255,618,012,805)	3,448,514,012,805	(255,618,012,805)	3,192,896,000,000
- Held to maturity	178,873,887,595	(77,172,887,595)	228,873,887,595	(77,172,887,595)	151,701,000,000
- Loans and receivables - deposit contract	3,355,745,125,210	(178,445,125,210)	3,219,640,125,210	(178,445,125,210)	3,041,195,000,000
Equity investments	301,500,954,971	(47,155,983,052)	304,526,122,818	(20,201,338,398)	284,324,784,420
- Available for sale securities	98,535,654,971	(44,295,607,588)	101,560,822,818	(17,951,101,999)	83,609,720,819
- Investments in associates and joint-venture	145,350,000,000	-	145,350,000,000	-	145,350,000,000
- Other long-term investments	57,615,300,000	(2,860,375,464)	57,615,300,000	(2,250,236,399)	55,365,063,601
Receivables	2,490,008,025,183	(312,539,212,816)	3,022,147,084,394	(331,179,853,514)	2,690,967,230,880
- Insurance receivables	773,041,934,916	(130,603,960,337)	754,412,965,593	(136,004,273,629)	618,408,691,964
- Advances to suppliers	4,069,611,910	-	3,815,664,536	-	3,815,664,536
- Other receivables	273,963,911,368	(181,935,252,479)	266,081,632,546	(195,175,579,885)	70,906,052,661
- Reinsurance assets	1,438,932,566,989	-	1,997,836,821,719	-	1,997,836,821,719
Cash and cash equivalents	168,725,034,414	-	220,659,039,990	-	220,659,039,990
	6,494,853,027,373	(615,313,208,673)	6,995,846,260,007	(606,999,204,717)	6,388,847,055,290

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

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The table below presents the book value of financial liabilities measured at amortized cost which are presented in the financial statements of the Corporation as at 31 December 2022 and 31 December 2021:

	Book value		Fair value		Currency: VND
	Ending balance	Beginning balance	Ending balance	Beginning balance	
Financial liabilities measured at amortized cost					
- Insurance payables	879,331,850,055	845,283,976,444	879,331,850,055	845,283,976,444	
- Technical reserves	3,344,475,120,935	3,796,667,410,579	3,344,475,120,935	3,796,667,410,579	
- Other short-term receivables	20,678,398,749	28,232,349,065	20,678,398,749	28,232,349,065	
	4,244,485,369,739	4,670,183,736,088	4,244,485,369,739	4,670,183,736,088	

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

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

- ▶ Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- ▶ Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Corporation based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2022, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- ▶ With capital investments without an active market, fair value is determined by using appropriate valuation methods. These methods include: discounting cash flow, comparing with similar financial instruments which have market prices, net asset values and other relevant valuation models.
- ▶ For equity investments in other entities, provision is made if the investees are suffering from loss (except when such loss has been determined in their business plan prior to investment). Accordingly, provision is the difference between actual capital contribution and actual owners' equity multiply (x) percentage of ownership of the Corporation.
- ▶ If the fair value is not determinable, the carrying value has been shown under fair value column.

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

38. BASIC FINANCIAL INDICES

No.	ITEMS	Unit	Current year	Previous year
1.	Asset structure			
	Fixed assets/Total assets	%	4.08	4.08
	Liquid assets/Total assets	%	89.35	88.07
2.	Capital structure			
	Total liabilities/ (Total liabilities and owners' equity)	%	65.61	68.39
	Owners' equity/ (Total liabilities and owners' equity)	%	34.39	31.61
3.	Liquidity ratio			
	Quick ratio	Times	0.04	0.04
	Current ratio	Times	1.36	1.29
4.	Profitability ratio			
	Profit before tax/Total assets	%	4.75	4.15
	Profit after tax/Net premium from insurance activities	%	6.45	6.77
	Profit after tax/Owners' equity	%	12.23	10.92

39. CONTINGENT LIABILITIES

The Corporation has an on-going lawsuit with Binh Dinh Maritime Shipbuilding Industry JSC with claim requests amount of bVND 66.65 which included the estimated portion of the Corporation to be liable to is bVND 64.6 after deducting the claim recovery from reinsurers.

On 19 July 2022, the People's Court of Ho Chi Minh City sentenced first-instance judgments No.1108/2022KDTM of the above case with the decision not to accept the entire claim of the plaintiff - Binh Dinh Maritime Shipbuilding Industry JSC. On 23 February 2023, the Corporation received Notice No. 04/TBTL-TA dated 4 January 2023 on the acceptance of the case for appellate trial from the High People's Court in Ho Chi Minh City as appeal application submitted by plaintiff and the persons with related interests and obligations, with appeal matter: whole of the first-instance judgment. Up to the date of these financial statements, the Corporation has not received any further information from the Court regarding the conduct of the appellate trial of this lawsuit.

Consequently, up to the date of these financial statements for the year ended 31 December 2022, as the result of the case has yet been determined, the Corporation has not yet recognized any expenses and obligations related to this incident in the accompanying financial statements.

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

40. EVENTS AFTER THE BALANCE SHEET DATE

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



Mr. Doan Tan Phong
Preparer



The stamp is circular with a red border. Inside, it reads 'SGP 27 C.T.C.P.' at the top, 'TỔNG CÔNG TY' in the center, 'CƠ PHÂN' below it, and 'BẢO MINH' in large letters at the bottom. The outer ring of the stamp contains the text 'QUỐC LỘ 1. TP. HỒ CHÍ MINH'.

Mr. Sai Van Hung
Chief Accountant

Mr. Vu Anh Tuan
Chief Executive Officer

Ho Chi Minh City, Viet Nam

22 March 2023