BIDV Insurance Joint Stock Corporation

Consolidated financial statements

For the year ended 31 December 2019



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BIDV Insurance Joint Stock Corporation

GENERAL INFORMATION

CORPORATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 01 October 2010 under Business Licence No.11/GPDC7/KDBH dated 01 October 2010 issued by the Ministry of Finance.

The Corporation was transformed from equalization of BIDV Insurance Company, which was a wholly-owned subsidiary of Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV"), and established under Business License No. 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 05 August 2010, the Corporation successfully completed the Initial Public Offering. Accordingly, the percentage of shares held by BIDV and other shareholders was 82.3% and 17.7%. On 05 May 2014, the Corporation issued shares to its employees under Employee Share Option Program (ESOP) which changed the percentage of shares held by BIDV and other shareholders to 78.38% and 21.62% respectively. In 2015, the Corporation issued shares to the Strategic Investor (Fairfax Asia Limited) in accordance with Decision No. 11836/BTC-QLBH and Amended Business License No. 11/GPDC14/KDBH dated 25 December 2015 issued by the Ministry of Finance. Accordingly, the percentage of shares held by BIDV, Fairfax Asia Limited and other shareholders was 51%, 35% and 14%, respectively.

The following summarizes some key information about the Corporation:

Registered Company name:	Bank for Investment and Development of Vietnam Insurance Joint Stock Corporation
Head office address:	16th Floor, A Tower, Vincom, 191 Ba Trieu Street, Hai Ba Trung District, Hanoi
Operating activities:	Provide general insurance products, reinsurance, loss survey, investing activities and other activities that are in line with prevailing laws and regulations.
Location and branch network:	Twenty-six (26) branches nationwide
Employee:	1,091 persons at 31 December 2019
Charter Capital:	VND 1,172,768,950,000 as at 31 December 2019

As at 31 December 2019, the Corporation has one (01) subsidiary as follow:

Subsidiary	*Address*	*Principal activities*	*% directly owned*
Lao Viet Insurance Company	3rd Floor, LVB Tower, No 44, Lanexang Avenue, Hatsady Village, Chanthabouly District, Vientiane, Lao PDR	General insurance products, reinsurance services, investment activities and other business activities that are in line with prevailing laws and regulations in Lao PDR	65%

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

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

Mr. Tran Xuan Hoang	Chairman	Appointed on 19 April 2019
Mr. Ramaswamy Athappan	Vice Chairman	Appointed on 29 January 2016
Mr. Gobinath Arvind Athappan	Member	Appointed on 29 January 2016
Mr. Tran Hoai An	Member	Appointed on 20 April 2015
Ms. Pham Thi Van Khanh	Member	Appointed on 29 January 2016
Mr. Vo Hai Nam	Member	Appointed on 20 April 2015
Ms. Dang Thi Hong Phuong	Independent Member	Resigned on 19 April 2019
Mr. Nguyen Huy Tua	Independent Member	Appointed on 19 April 2019
Mr. Dang The Vinh	Independent Member	Appointed on 19 April 2019

BOARD OF SUPERVISORS

Members of the Corporation's Board of Supervisors during the year and at the date of this report are:

Ms. Lai Ngan Giang	Head of Board	Appointed on 10 April 2018
Mr. Zainul Abidin Rasheed	Member	Appointed on 29 January 2016
Mr. Osith Ramanathan	Member	Appointed on 29 January 2016
Mr. Nguyen Trung Kien	Member	Reappointed on 20 April 2015
Mr. Nguyen Thanh Cong	Member	Reappointed on 20 April 2015

MANAGEMENT

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

Mr. Tran Hoai An	General Director	Reappointed on 01 November 2017
Mr. Tran Trung Tinh	Deputy General Director	Reappointed on 01 October 2018
Mr. Vu Minh Hai	Deputy General Director	Reappointed on 16 April 2017
Ms. Doan Thi Thu Huyen	Deputy General Director	Reappointed on 01 May 2018
Mr. Huynh Quoc Viet	Deputy General Director	Reappointed on 01 November 2018
Mr. Pham Duc Hau	Deputy General Director	Resigned on 15 February 2019

LEGAL REPRESENTATIVE

The legal representative of the Corporation during the year and at the date of this report is Mr. Tran Hoai An – Title: General Director.

AUDITORS

The auditors of the Corporation are Ernst & Young Vietnam Limited.

BIDV Insurance Joint Stock Corporation

REPORT OF MANAGEMENT

Management of BIDV Insurance Joint Stock Corporation ("the Corporation") presents its report and the consolidated financial statements of the Corporation and its subsidiary for the year ended 31 December 2019.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Select suitable accounting policies and 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 consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation and subsidiary will continue their business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and its subsidiary 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 its subsidiary and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Corporation and its subsidiary as at 31 December 2019 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of Management



Mr. Tran Hoai An
General Director

Hanoi, Vietnam

11 February 2020

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INDEPENDENT AUDITORS' REPORT

To: The Shareholders
BIDV Insurance Joint Stock Corporation

We have audited the accompanying consolidated financial statements of BIDV Insurance Joint Stock Corporation and its subsidiary (collectively referred to as "the Corporation") as prepared on 11 February 2020 and set out on pages 6 to 74, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Building a better working world

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Corporation and its subsidiary as at 31 December 2019 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to insurance companies and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

Emphasis of matter

We draw attention to Note 38 – *Corresponding figures* which describes the restatements made by the Corporation for corresponding figures of the financial statements according to Report of State Audit Office of Vietnam in Official Letter No. 1506/TB-KTNN dated 31 December 2019 announcing results of its audit at BIDV Insurance Joint Stock Corporation.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited

Trinh Hoang Anh	Nguyen Van Trung
Partner	Auditor
Audit Practising Registration	Audit Practising Registration
Certificate No.: 2071-2018-004-1	Certificate No.: 3847-2016-004-1

Hanoi, Vietnam

11 February 2020

A member firm of Ernst & Young Global Limited

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Ending balance*	*Beginning balance (restated)*
100	**A. CURRENT ASSETS**		**4,222,605,120,708**	**4,679,987,771,520**
110	***I. Cash and cash equivalents***	***4***	***119,341,101,387***	***99,928,524,532***
111	1. Cash		119,341,101,387	65,950,317,685
112	2. Cash equivalents		-	33,978,206,847
120	***II. Short-term investments***		***2,397,542,766,222***	***2,912,140,036,446***
121	1. Trading securities	5.1	173,269,998,094	108,877,373,944
122	2. Provision for trading securities	5.1	(2,223,992,662)	(661,117,000)
123	3. Held-to-maturity investments	5.2	2,226,496,760,790	2,803,923,779,502
130	***III. Short-term receivables***	***6***	***421,236,925,076***	**482,576,994,194**
131	1. Short-term trade receivables		299,092,883,762	363,253,844,240
131.1	*1.1 Insurance receivables*		*297,664,577,140*	*362,968,721,906*
131.2	*1.2 Other trade receivables*		*1,428,306,622*	*285,122,334*
132	2. Short-term advances to suppliers		415,132,233	720,783,096
136	3. Other receivables		170,607,133,739	156,786,482,320
137	4. Allowance for doubtful debts		(48,878,224,658)	(38,184,115,462)
140	***IV. Inventories***		***178,967,915***	***493,063,160***
141	1. Inventories		178,967,915	493,063,160
150	***V. Other short-term assets***		**137,694,069,865**	**125,935,821,234**
151	1. Prepaid expenses		137,457,830,510	125,760,425,753
151.1	*1.1 Unallocated commission expense*	*7*	*134,772,159,808*	*123,535,343,310*
151.2	*1.2 Other prepaid expenses*		*2,685,670,702*	*2,225,082,443*
152	2. Deductible VAT		236,239,355	175,395,481
190	***VI. Reinsurance assets***	***17.1***	***1,146,611,290,243***	**1,058,913,331,954**
191	1. Reinsurance assets from unearned premium reserve		379,082,993,551	415,260,536,023
192	2. Reinsurance assets from claim reserve		767,528,296,692	643,652,795,931

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Ending balance*	*Beginning balance (restated)*
200	**B. NON-CURRENT ASSETS**		**1,273,034,453,023**	**458,353,339,235**
210	***I. Long-term receivables***		***35,308,659,703***	***33,923,512,800***
216	1. Other long-term receivables		35,308,659,703	33,923,512,800
216.1	*1.1. Statutory deposit*	*8*	*32,576,427,210*	*31,199,509,207*
216.2	*1.2. Other long-term receivables*		*2,732,232,493*	*2,724,003,593*
220	***II. Fixed assets***		***18,187,604,518***	***23,856,855,659***
221	1. Tangible fixed assets	9	11,642,730,518	17,277,726,568
222	Costs		75,221,259,683	74,342,325,800
223	Accumulated depreciation		(63,578,529,165)	(57,064,599,232)
227	2. Intangible assets	10	6,544,874,000	6,579,129,091
228	Costs		6,884,622,203	6,885,692,293
229	Accumulated amortisation		(339,748,203)	(306,563,202)
250	***III. Long-term investments***	***5***	***1,219,320,754,370***	***398,550,825,443***
253	1. Other long-term investments	5.3	75,907,370,000	75,907,370,000
254	2. Provision for impairment of long-term investments	5.3	(48,472,440,591)	(50,715,571,068)
255	3. Held-to-maturity investments	5.2	1,191,885,824,961	373,359,026,511
260	***IV. Other long-term assets***		***217,434,432***	***2,022,145,333***
261	1. Long-term prepaid expenses	11	62,392,679	529,255,044
262	2. Deferred income tax assets	30.3	155,041,753	1,492,890,289
270	**TOTAL ASSETS**		**5,495,639,573,731**	**5,138,341,110,755**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Ending balance*	*Beginning balance (restated)*
300	**A. LIABILITIES**		**3,254,354,777,149**	**2,996,026,001,175**
310	***I. Current liabilities***		***3,253,471,513,199***	**2,994,640,407,401**
311	1. Trade payables	12	464,518,308,280	471,590,107,168
311.1	*1.1. Insurance payables*		*455,702,430,349*	*471,258,273,121*
311.2	*1.2. Other payables*		*8,815,877,931*	*331,834,047*
312	2. Short-term advance from customers		14,545,875,377	6,396,543,278
313	3. Tax and other statutory obligations	13	27,499,120,387	28,789,072,064
314	4. Payables to employees		75,050,325,375	60,519,137,981
315	5. Short-term accrued expenses	14	60,923,155,598	51,147,512,883
318	6. Short-term deferred revenue		6,733,081,597	6,480,625,230
318.1	7. Un-earned commission revenue	15	78,423,568,876	89,195,186,661
319	8. Other short-term payables	16	10,121,546,712	20,127,344,260
320	9. Short-term borrowings		17,910,873,317	-
322	10. Bonus and welfare funds		13,749,738,807	14,342,849,584
329	11. Technical reserves		2,483,995,918,873	2,246,052,028,292
329.1	*11.1. Gross un-earned premium reserve*	*17.1*	*1,350,290,922,859*	*1,280,651,440,456*
329.2	*11.2. Gross claim reserve*	*17.1*	*1,000,855,219,216*	*848,012,201,061*
329.3	*11.3. Catastrophe reserve*	*17.2*	*132,849,776,798*	*117,388,386,775*
330	***II. Non-current liabilities***		***883,263,950***	***1,385,593,774***
337	1. Other long-term liabilities	16	883,263,950	1,385,593,774

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Ending balance*	*Beginning balance (restated)*
400	**B. OWNERS' EQUITY**		**2,241,284,796,582**	**2,142,315,109,580**
410	***I. Owners' equity***	***18***	***2,241,284,796,582***	***2,142,315,109,580***
411	1. Charter capital		1,172,768,950,000	1,172,768,950,000
411a	*1.1. Common shares with voting rights*		*1,172,768,950,000*	*1,172,768,950,000*
412	2. Share premium		655,565,033,362	655,565,033,362
417	3. Foreign exchange differences		5,445,075,699	6,177,910,716
418	4. Investment and development fund		87,052,897,663	50,158,477,335
419	5. Statutory reserves		62,101,796,413	51,483,198,536
421	6. Undistributed earnings		233,270,939,417	177,253,828,398
421a	*6.1. Accumulated undistributed earnings of previous years*		*40,271,489,223*	*30,420,555,177*
421b	*6.2. Undistributed earnings of current year*		*192,999,450,194*	*146,833,273,221*
429	7. Non-controlling interest		25,080,104,028	28,907,711,233
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**5,495,639,573,731**	**5,138,341,110,755**

Ms. Kieu Thi Hong Nhung
Accountant
Finance - Accounting Division

Ms. Nguyen Thanh Mai
Deputy Director in - charge
Finance - Accounting Division

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

11 February 2020

CONSOLIDATED INCOME STATEMENT

PART 1: CONSOLIDATED SUMMARY INCOME STATEMENT
for the year ended 31 December 2019

Currency: VND

Code	*ITEMS*	*Current year*	*Previous year (restated)*
10	1. Total operating income	1,663,918,650,448	1,487,513,108,238
12	2. Finance income	282,985,591,555	263,773,233,566
13	3. Other income	905,591,628	3,340,673,202
20	4. Total direct operating expenses	(1,282,815,006,635)	(1,170,308,851,589)
22	5. Finance expenses	(18,770,780,358)	(25,050,533,350)
23	6. General and administrative expenses	(375,727,013,187)	(342,017,231,720)
24	7. Other expenses	(284,573,595)	(1,442,618,279)
50	**8. Profit before corporate income tax (50=10+12+13+20+22+23+24)**	**270,212,459,856**	**215,807,780,068**
51	9. Current corporate income tax expense	(57,557,759,334)	(56,629,498,351)
52	10. Deferred corporate income tax expense	(1,337,848,536)	(1,054,606,263)
60	**11. Net profit for this period after corporate income tax (60=50+51+52)**	**211,316,851,986**	**158,123,675,454**
61	**12. Net profit after tax attributable to non-controlling interests**	**229,255,152**	**3,206,692,647**
62	**13. Net profit after tax attributable to equity owners of the parent**	**211,087,596,834**	**154,916,982,807**
70	**14. Basic earnings per share**	**1,587**	**1,125**

CONSOLIDATED INCOME STATEMENT (continued)

PART 2: CONSOLIDATED OPERATIONAL INCOME STATEMENT
for the year ended 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year (restated)*
01	**1. Insurance revenue (01 = 01.1 + 01.2 + 01.3)**	**19**	**2,359,484,052,897**	**2,082,175,307,692**
	In which:			
01.1	- Direct written premiums		2,332,075,672,073	2,075,610,533,118
01.2	- Reinsurance premium assumed		104,784,449,421	205,224,486,802
01.3	- Increase in un-earned premium reserve		(77,376,068,597)	(198,659,712,228)
02	**2. Reinsurance premium ceded (02 = 02.1 + 02.2)**	**20**	**(900,604,623,730)**	**(775,845,767,853)**
	In which:			
02.1	- Reinsurance premium ceded		(871,514,030,561)	(838,525,044,932)
02.2	- (Decrease)/increase in ceded premium reserve		(29,090,593,169)	62,679,277,079
03	**3. Net insurance premiums (03 = 01 + 02)**		**1,458,879,429,167**	**1,306,329,539,839**
04	**4. Commission on reinsurance ceded and other insurance incomes (04 = 04.1 + 04.2)**		**205,039,221,281**	**181,183,568,399**
	In which:			
04.1	- Commission on reinsurance ceded	21	174,219,839,009	150,321,981,091
04.2	- Other income from insurance activities	22	30,819,382,272	30,861,587,308
10	**5. Total net revenue from insurance business (10 = 03 + 04)**		**1,663,918,650,448**	**1,487,513,108,238**
11	**6. Claim expenses (11 = 11.1 + 11.2)**		**(953,507,585,097)**	**(936,493,578,105)**
	In which:			
11.1	- Claim expenses		(964,667,969,448)	(951,742,403,256)
11.2	- Claim expense reductions		11,160,384,351	15,248,825,151
12	**7. Recoveries from reinsurance ceded**		**358,465,342,348**	**349,668,274,067**
13	**8. Increase in direct and assumed claim reserve**		**(156,935,074,509)**	**(13,831,200,041)**
14	**9. Increase in ceded claim reserve**		**132,286,112,006**	**20,676,428,178**
15	**10. Net claim expenses (15 = 11 + 12 + 13 + 14)**	**23**	**(619,691,205,252)**	**(579,980,075,901)**
16	**11. Increase in catastrophe reserve**	**17.2**	**(15,644,275,230)**	**(14,429,047,075)**

CONSOLIDATED INCOME STATEMENT (continued)

PART 2: CONSOLIDATED OPERATIONAL INCOME STATEMENT (continued)
for the year ended 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year (restated)*
17	**12. Other operating expenses (17 = 17.1 + 17.2)**	**24**	**(647,479,526,153)**	**(575,899,728,613)**
	In which:			
17.1	- Commission expense		(201,144,256,440)	(179,739,691,944)
17.2	- Other underwriting expenses		(446,335,269,713)	(396,160,036,669)
18	**13. Total direct operating expenses (18 = 15 + 16 + 17)**		**(1,282,815,006,635)**	**(1,170,308,851,589)**
19	**14. Gross insurance operating profit (19 = 10 + 18)**		**381,103,643,813**	**317,204,256,649**
23	15. Finance income	25	282,985,591,555	263,773,233,566
24	16. Finance expenses	26	(18,770,780,358)	(25,050,533,350)
25	**17. Profit from financial activities (25 = 23 + 24)**		**264,214,811,197**	**238,722,700,216**
26	**18. General and administrative expenses**	**27**	**(375,727,013,187)**	**(342,017,231,720)**
30	**19. Net operating income (30 = 19 + 25 + 26)**		**269,591,441,823**	**213,909,725,145**
31	20. Other income	28	905,591,628	3,340,673,202
32	21. Other expenses	29	(284,573,595)	(1,442,618,279)
40	**22. Net other profit (40 = 31 + 32)**		**621,018,033**	**1,898,054,923**
50	**23. Profit before corporate income tax (50 = 30 + 40)**		**270,212,459,856**	**215,807,780,068**
51	24. Current corporate income tax expense	30.1	(57,557,759,334)	(56,629,498,351)
52	25. Deferred corporate income tax expense	30.3	(1,337,848,536)	(1,054,606,263)
60	**26. Net profit for the year after corporate income tax (60 = 50 + 51 + 52)**		**211,316,851,986**	**158,123,675,454**
61	**27. Net profit after tax attributable to non-controlling interests**		**229,255,152**	**3,206,692,647**
62	**28. Net profit after tax attributable to equity owners of the parent**		**211,087,596,834**	**154,916,982,807**
70	**29. Basic earnings per share**		**1,587**	**1,125**

Ms. Kieu Thi Hong Nhung
Accountant
Finance - Accounting Division

Ms. Nguyen Thanh Mai
Deputy Director in - charge
Finance - Accounting Division

Mr. Tran Hoai An
General Director

Hanoi, Vietnam

11 February 2020

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year (restated)*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net profit before tax**		**270,212,459,856**	**215,807,780,068**
	Adjustments for:			
02	Depreciation and amortisation		6,900,947,675	7,717,053,456
03	Insurance reserves and provision for diminution in investment value and doubtful debts		160,259,786,673	159,340,803,660
04	Losses/(profit) from revaluation of foreign currencies		2,467,041,141	(1,433,644,819)
05	Profits from investing activities		(257,924,351,443)	(224,974,506,910)
06	Interest expense		6,787,441	502,009,827
08	**Operating profit before changes in working capital**		**181,922,671,343**	**156,959,495,282**
09	Decrease/(increase) in receivables		59,712,111,869	(8,915,449,440)
10	Decrease in inventory		314,095,245	9,225,318
11	Increase in payables		5,837,010,784	174,079,903,102
12	Increase in prepaid expense		(11,291,386,266)	(31,993,937,597)
13	(Increase)/decrease in trading securities		(64,392,624,150)	85,384,185,399
14	Interest paid		(6,787,441)	(502,009,827)
15	Corporate income tax paid	13	(59,023,511,613)	(61,940,379,610)
16	Other cash inflows from operating activities		-	203,447,296
17	Other cash outflows from operating activities		(25,593,110,777)	(8,145,042,096)
20	**Net cash flow from operating activities**		**87,478,468,994**	**305,139,437,827**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets and other long-term assets		(1,242,600,000)	(946,387,869)
22	Disposal of fixed assets and other long-term assets		23,393,283	204,837,769
23	Payments for investments in other entities		(4,883,690,054,522)	(4,589,728,840,495)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		4,640,121,964,464	4,281,887,031,909
27	Interest and dividend received		242,973,179,724	150,082,421,508
30	**Net cash flow used in investing activities**		**(1,814,117,051)**	**(158,500,937,178)**

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2019

Currency: VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year (restated)*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		17,910,873,317	-
36	Dividends paid		(85,051,154,064)	(102,188,747,841)
40	**Net cash flow used in financing activities**		**(67,140,280,747)**	**(102,188,747,841)**
50	**Net change in cash and cash equivalents**		**18,524,071,196**	**44,449,752,808**
60	**Cash and cash equivalents at the beginning of the year**		**99,928,524,532**	**54,656,445,594**
61	Impact of exchange rate fluctuation		888,505,659	822,326,130
70	**Cash and cash equivalents at the end of the year**	**4**	**119,341,101,387**	**99,928,524,532**

Ms. Kieu Thi Hong Nhung	Ms. Nguyen Thanh Mai	Mr. Tran Hoai An
Accountant	Deputy Director in - charge	General Director
Finance - Accounting Division	Finance - Accounting Division	

Hanoi, Vietnam

11 February 2020

1. CORPORATION INFORMATION

BIDV Insurance Joint Stock Corporation ("the Corporation") was established on 01 October 2010 under Business Licence No.11/GPDC7/KDBH dated 01 October 2010 issued by the Ministry of Finance.

The Corporation was transformed from equalization of BIDV Insurance Company, which was a wholly-owned subsidiary of Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV"), and established under Business License No. 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 05 August 2010, the Corporation successfully completed the Initial Public Offering. Accordingly, the percentage of shares held by BIDV and other shareholders was respectively 82.3% and 17.7%. On 05 May 2014, the Corporation issued shares to its employees under Employee Share Option Program (ESOP) which changed the percentage of shares held by BIDV and other shareholders to 78.38% and 21.62% respectively. In 2015, the Corporation issued shares to the Strategic Investor (Fairfax Asia Limited) in accordance with Decision No. 11836/BTC-QLBH and Amended Business License No. 11/GPDC14/KDBH dated 25 December 2015 issued by the Ministry of Finance. Accordingly, the percentage of shares held by BIDV, Fairfax Asia Limited and other shareholders was 51%, 35% and 14%, respectively.

The following summarizes some key information about the Corporation:

Registered Company name:	BIDV Insurance Joint Stock Corporation
Head office address:	16th Floor, A Tower, Vincom, 191 BaTrieu Street, Hai Ba Trung District, Hanoi
Operating activities:	Provide general insurance products, reinsurance, loss survey, investing activities and other activities that are in line with prevailing laws and regulations.
Location and branch network:	Twenty-six (26) branches nationwide
Employee:	1,091 persons at 31 December 2019
Charter Capital:	VND1,172,768,950,000 as at 31 December 2019

As at 31 December 2019, the Corporation has one (01) subsidiary as follow:

Subsidiary	*Address*	*Principal activities*	*% directly owned*
Lao Viet Insurance Company	3rd Floor, LVB Tower, No 44, Lanexang Avenue, Hatsady Village, Chanthabouly District, Vientiane, Lao PDR	General insurance products, reinsurance services, investment activities and other business activities that are in line with prevailing laws and regulations in Lao PDR	65%

2. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 *Accounting standards and system*

The Corporation's consolidated financial statements expressed in Vietnamese Dong ("VND") are prepared in accordance with the Vietnamese Accounting System for non-life insurance companies issued by the Ministry of Finance in Circular No. 232/2012/TT-BTC dated 28 December 2012 providing guidance on the accounting applicable to non-life insurance companies, reinsurance companies and branches of foreign non-life insurance companies, Vietnamese Enterprise Accounting System, and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying consolidated 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 consolidated financial position and their results of operations and their 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 applied to prepare the consolidated financial statements on 01 January and ends on 31 December.

2.4 *Accounting currency*

The consolidated financial statements are prepared in VND which is also the Corporation's accounting currency.

2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiary for the year ended 31 December 2019.

The financial statements of the subsidiary are prepared for the same reporting year as the Corporation, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains or losses arising from intra-group transactions, are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Corporation and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies*

The accounting policies adopted by the Corporation in preparation of the consolidated financial statement are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2018, except for:

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

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

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

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

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than or equal to 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.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated 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 dated 08 August 2019 (Circular 48) as follows:

Overdue receivables	*Allowance rate*
Over six (06) months to less than one (01) year	30%
From one (01) to less than two (02) years	50%
From two (02) to less than three (03) years	70%
From three (03) years and above	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Fixed assets

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

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

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the consolidated 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 consolidated income statement.

3.5 Depreciation and amortisation

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

Buildings and structures	5 - 25 years
Machinery	3 - 7 years
Motor vehicles	6 years
Office equipment	3 years
Other tangible fixed assets	4 years
Software	3 years
Land use right with indefinite term	No amortization

3.6 Leased assets

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

3.7 Prepaid expenses

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

3.8 Investments

Held-for-trading securities and investments in other entities

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

Held-to-maturity investments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Investments* (continued)

Provision for diminution in value investments

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

3.9 *Payables and accruals*

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

3.10 *Employee benefits*

3.10.1 Benefits for employees of the Corporation working in Vietnam

3.10.1.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Corporation by the social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Corporation is required to contribute to these post-employment benefits by paying social insurance premiums to the social insurance agency at the rate of 17.5% of employee basic salaries on a monthly basis.

On 1 August 2014, the Corporation issued Decision No. 100/QD-HDQT regulating post-employment benefits to the Corporation's employees. Accodingly, the Corporation also provides post-employment benefits including convalescence, annual leave, sightseeing, post-employment allowance based on employees' position and employment term as well as other benefits based on performance achievement of the employees.

3.10.1.2 Unemployment benefits

According to Social Insurance Law and Decree No. 127/2008/ND-CP dated 12 December 2008 by the Government, the Unemployment insurance fund is implemented from 01 January 2009, to which, employees contribute 1% of their salary, employers contribute 1% of salary of their employees participating in the unemployment insurance, and the Government contributes 1% of salary of all those participating in the unemployment insurance from the State budget.

3.10.2 Benefits for employees working at the Corporation's subsidiary in foreign country

The policy applicable to foreign employees working at the Corporation's overseas subsidiary is in compliance with the prevailing regulations of the home country.

Vietnamese employees working at subsidiary of the Corporation in a foreign country follow the same policy with the one applicable to employees of the Corporation working in Vietnam.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Technical reserves

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

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

a) Technical reserves for non-life insurance

(i) Unearned premium reserve

The Corporation applies the "daily basis" to calculate unearned premium reserve for all types of insurance and reinsurance businesses, following the formula:

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

(ii) Claims reserve

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, in accordance with the Circular 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established at the rate of 3% of premium for each insurance operation.

(iii) Catastrophe reserve

Catastrophe reserve of the Corporation is accrued annually for significant fluctuations in losses. The catastrophe reserve rate adopted by the Corporation for the year 2019 is 1% of total retained premiums of each type of insurance. The catastrophe reserve maximum of the Corporation is equal to 100% of the retained premiums of the current fiscal year (except for health insurance).

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 73/2016/ND-CP issued by the Government of Vietnam on 01 July 2016 on the details of the implementation of the Law on Insurance Business and amendments to certain articles of the Law on Insurance Business, the Corporation has elected to adopt the policy of providing for the catastrophe reserve in the consolidated financial statements for the year ended 31 December 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Technical reserves* (continued)

b) Technical reserves of health insurance

(i) Mathematical reserve

Mathematical reserve applies to health insurance policies with a term of more than 1 year to cover liability upon occurrence of insured event as follows:

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

(ii) Unearned premium reserve

Unearned premium reserve applies to health insurance policies with a term of less than or equal to 1 year. The Corporation applies the unearned premium reserve methodology according to coefficients of the insurance policy period – daily method as follows:

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

(iii) Claim reserve

- 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 for which the insurer is liable (IBNR) is established at the rate of 3% of premium for each health insurance operation.

(iv) Equalization reserve

Equalization reserve for health insurance is established at 1% of net premium and recognised in catastrophe reserve account on balance sheet.

3.12 *Transactions in foreign currencies*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Transactions in foreign currencies*

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

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

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currencies at year-end are taken to the consolidated income statement.

3.13 *Appropriation of net profits*

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

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

- Statutory reserve fund 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 73/2016/ND-CP dated 01 July 2016 by the Ministry of Finance.
- Bonus and welfare fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.
- Investment and Development fund is set up from profit after tax and used for expansion investment of business and production scale, or for intensive investment of enterprises.

3.14 *Revenue recognition*

Revenue is recognised 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 recognised:

(i) Gross written premiums

Gross written premiums are recognized as revenue at the point of time when the following conditions are met: (1) the insurance contract has been entered into by the insurer and the insured; and (2) the premium has been paid by the insured or (3) there is agreement between the Corporation and the insured for delayed payment of insurance premium. If the Corporation and its customers mutually agree a method of insurance premium payment on an instalment basis, only the insurance premium which is due in accordance with the instalment contract shall be taken to revenue for the period. Gross written premiums of insurance policies underwritten by the Corporation in Vietnam and in compliance with Vietnam's prevailing regulations relating to insurance activities are recognized as revenue under the provisions of Circular 50. Hence, premium payment period shall not exceed 30 days from policy inception date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition (continued)

(i) Gross written premiums (continued)

For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalment only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

Prepaid premium before due date as at the end of the fiscal year is recorded as "Short-term unearned revenue" in the consolidated balance sheet.

The refund/reduction of gross written premiums are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

(ii) Interest

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

(iii) Dividends

Income is recognized when the Corporation's entitlement as an investor to receive the dividend is established.

(iv) Other income

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

3.15 Expense recognition

(i) Claim expense

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

(ii) Commission expense

Commission is calculated at percentage of direct premiums for specific line of insurance as stipulated in Circular 50. Commission expense is allocated and recognized in the consolidated income statement for direct premiums earned during the year.

(iii) Agent commendation and support expenses

Agent commendation and support expenses are recognized in the consolidated income statement on the accrual basis, corresponding to insurance contracts underwritten in the fiscal year but not exceeding 50% of insurance commission of insurance policies in the fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Expense recognition* (continued)

(iv) General administrative expenses

General and administrative expenses are recognized on an accrual basis in the consolidated income statement.

(v) Operating lease

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

(vi) Other expenses

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

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

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- Revenue 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 to recognize in the consolidated income statement based on the historical data and estimation of the Corporation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Recognition of reinsurance activities* (continued)

(ii) Reinsurance assumed (continued)

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 fiscal year, the part of reinsurance commission which is not included in expense of current year corresponding to unearned premium of reinsurance assumed shall be determined and allocated in the subsequent fiscal years based on the registered method for unearned premium reserve.

3.17 *Taxation*

Current income tax

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

Current income tax is charged or credited to the consolidated 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 set off 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 the consolidated balance sheet liability method on temporary differences at the consolidated 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognised 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 utilised, 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 income tax assets is audited at each consolidated 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 utilised. Previously unrecognised deferred income tax assets are re-assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised 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 Corporation to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- either the same taxable entity; or
- when the Corporation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Use of estimates

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

3.19 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the period 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.

3.20 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.

4. CASH AND CASH EQUIVALENTS

Currency: VND

	Ending balance	*Beginning balance*
Cash on hand	618,824,695	609,013,916
Demand deposits at banks	118,672,028,366	65,341,303,769
Cash in transit	50,248,326	-
Cash equivalents	-	33,978,206,847
Total	**119,341,101,387**	**99,928,524,532**

5. INVESTMENTS

Currency: VND

	Notes	*Ending balance*	*Beginning balance*
Trading securities	**5.1**		
Listed shares		171,743,371,584	108,877,373,944
Unlisted shares		1,526,626,510	-
Provision for trading securities		(2,223,992,662)	(661,117,000)
		171,046,005,432	**108,216,256,944**
Held-to-maturity investments	**5.2**		
Short-term		2,226,496,760,790	2,803,923,779,502
- *Term deposits*		*2,226,496,760,790*	*2,623,266,067,320*
- *Bonds*		-	*180,657,712,182*
Long-term		1,191,885,824,961	373,359,026,511
- *Term deposits*		*688,486,582,608*	*73,137,708,274*
- *Bonds*		*503,399,242,353*	*300,221,318,237*
		3,418,382,585,751	**3,177,282,806,013**
Other financial investments	**5.3**		
Investments in other entities		75,907,370,000	75,907,370,000
Provision for impairment of other investments		(48,472,440,591)	(50,715,571,068)
		27,434,929,409	**25,191,798,932**
Net value of investments		**3,616,863,520,592**	**3,310,690,861,889**

5. INVESTMENTS (continued)

5.1 *Trading securities*

Currency: VND

	Ending balance				*Beginning balance*			
	Quantity Shares	*Cost*	*Provision*	*Carrying value*	*Quantity Shares*	*Cost*	*Provision*	*Carrying value*
Listed shares	**6,910,755**	**171,743,371,584**	**252,744,736,740**	**(2,105,345,252)**	**4,112,655**	**108,877,373,944**	**157,469,478,644**	**(661,117,000)**
ACB	341,250	8,585,338,000	7,780,500,000	(804,838,000)	172,500	5,767,117,000	5,106,000,000	(661,117,000)
VNR	1,080,010	13,792,407,750	23,760,220,000	-	1,080,010	13,792,407,750	25,704,238,000	-
FPT	1,352,858	39,801,369,187	78,871,621,400	-	1,011,712	29,998,156,392	42,694,246,400	-
VNM	360,432	29,746,032,205	41,990,328,000	-	360,432	29,746,032,205	43,251,840,000	-
VCB	201,150	6,464,790,700	18,143,730,000	-	201,150	6,464,790,706	10,761,525,000	-
DHG	-	-	-	-	84,330	4,973,889,661	6,662,070,000	-
MBB	2,041,763	33,006,423,884	42,468,670,400	-	1,170,521	17,643,914,630	22,766,633,645	-
HPG	865,000	19,646,999,858	20,327,500,000	-	-	-	-	-
PLX	69,000	4,152,319,154	3,864,000,000	(288,319,154)	-	-	-	-
PVS	50,000	1,036,552,500	875,000,000	(161,552,500)	-	-	-	-
NLG	514,092	14,988,165,598	14,137,530,000	(850,635,598)	-	-	-	-
BCEL	35,200	522,972,748	525,636,940	-	32,000	491,065,600	522,925,599	-
Unlisted shares	**18,700**	**1,526,626,510**	**1,407,979,100**	**(118,647,410)**	**-**	**-**	**-**	**-**
ACV (*)	18,700	1,526,626,510	1,407,979,100	(118,647,410)	-	-	-	-
	6,929,455	**173,269,998,094**	**254,152,715,840**	**(2,223,992,662)**	**4,112,655**	**108,877,373,944**	**157,469,478,644**	**(661,117,000)**

5. INVESTMENTS (continued)

5.2 *Held-to-maturity investments*

Currency: VND

	Ending balance				*Beginning balance*			
	Term Year	*Interest rate % per annum*	*Cost*	*Carrying value*	*Term Year*	*Interest rate % per annum*	*Cost*	*Carrying value*
Short-term								
Term deposits	0.4 – 1.5	4.8 – 8.2	2,226,496,760,790	2,226,496,760,790	1 - 2	5 - 8	2,623,266,067,320	2,623,266,067,320
Bonds			-	-	3	8.78 – 10.5	180,657,712,182	180,657,712,182
			2,226,496,760,790	**2,226,496,760,790**			**2,803,923,779,502**	**2,803,923,779,502**
Long-term								
Term deposits	1.25 – 1.5	7.1 – 8.3	688,486,582,608	688,486,582,608	2	6 - 7,5	73,137,708,274	73,137,708,274
Bonds	5 - 10	7.5 – 8.9	503,399,242,353	503,399,242,353	2 - 10	8.2 – 8.8	300,221,318,237	300,221,318,237
			1,191,885,824,961	**1,191,885,824,961**			**373,359,026,511**	**373,359,026,511**
Total			**3,418,382,585,751**	**3,418,382,585,751**			**3,177,282,806,013**	**3,177,282,806,013**

5. INVESTMENTS (continued)

5.3 *Long-term investments*

Currency: VND

	Ending balance				*Beginning balance*			
	% ownership	*Cost*	*Provision*	*Carrying value*	*% ownership*	*Cost*	*Provision*	*Carrying value*
Investments in other entities								
Green Indochina Development Joint Stock Company	4.21%	25,907,370,000	(25,907,370,000)	-	4.21%	25,907,370,000	(25,907,370,000)	-
BIDV Metlife Life Insurance Company	4.57%	50,000,000,000	(22,565,070,591)	27,434,929,409	5%	50,000,000,000	(24,808,201,068)	25,191,798,932
		75,907,370,000	**(48,472,440,591)**	**27,434,929,409**		**75,907,370,000**	**(50,715,571,068)**	**25,191,798,932**

6. SHORT-TERM RECEIVABLES

Currency: VND

	Ending balance	*Beginning balance (restated)*
Insurance receivables		
Gross written premium receivables	67,943,626,016	73,483,904,843
Reinsurance assumed receivables	74,479,758,413	137,084,884,903
Reinsurance ceded receivables	146,467,951,072	142,191,270,230
Receivables from co-insurers	6,156,626,141	7,564,335,694
Other receivables from insurance activities	2,616,615,498	2,644,326,236
	297,664,577,140	**362,968,721,906**
Other Trade Receivables	**1,428,306,622**	**285,122,334**
Short-term advances to suppliers	**415,132,233**	**720,783,096**
Other receivables		
Dividend receivables	521,352,000	360,432,004
Bank deposit interest receivables	137,382,833,495	120,685,654,224
Bond coupon receivables	8,905,479,452	10,835,800,283
Advances	2,372,132,026	5,922,255,471
Office rental deposit	701,116,190	554,104,276
Short-term mortgages, deposits	15,166,522,701	15,028,832,634
Other receivables	5,557,697,875	3,399,403,428
	170,607,133,739	**156,786,482,320**
Total receivables	**470,115,149,734**	**520,761,109,656**
Allowance for doubtful debts	(48,878,224,658)	(38,184,115,462)
Net receivables	**421,236,925,076**	**482,576,994,194**

7. UNALLOCATED COMMISSION EXPENSES

Currency: VND

	Ending balance	*Beginning balance (restated)*
Opening balance	**123,535,343,310**	**92,587,048,388**
Commission paid during the year	212,381,072,938	210,687,986,866
Allocated to expenses during the year	(201,144,256,440)	(179,739,691,944)
Closing balance	**134,772,159,808**	**123,535,343,310**

8. STATUTORY DEPOSIT

The Corporation maintains a statutory deposit at 2% of its legal capital, equivalent to VND 8,000,000,000, as required in Point 2 - Article 16 of Decree No. 73/2016/ND-CP dated 01 July 2016.

The Corporation's subsidiary has to maintain a statutory deposit at one third of its chartered capital, equivalent to LAK 8,731,000,000 (VND 22,576,427,210) according to Article 24, chapter 1, part IV of Laos Insurance Law (amended) No.06/NA dated 21 December 2011.

9. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings	*Machinery*	*Motor vehicles*	*Office equipment*	*Other tangible fixed assets*	*Total*
Costs:						
Beginning balance	2,300,000,000	8,457,880,965	60,758,093,513	209,092,973	2,617,258,349	74,342,325,800
Newly purchased	-	1,242,600,000	-	-	-	1,242,600,000
Disposal	-	(34,238,750)	-	-	-	(34,238,750)
Difference from revaluation foreign currencies	-	(57,724,957)	(213,938,418)	-	(57,763,992)	(329,427,367)
Ending balance	2,300,000,000	9,608,517,258	60,544,155,095	209,092,973	2,559,494,357	75,221,259,683
Accumulated depreciation:						
Beginning balance	628,666,694	7,611,635,704	46,384,667,097	144,134,592	2,295,495,145	57,064,599,232
Depreciation for the year	92,000,004	762,070,720	5,845,536,772	21,716,070	146,439,108	6,867,762,674
Disposal	-	(34,238,750)	-	-	-	(34,238,750)
Difference from revaluation foreign currencies	-	(90,770,116)	(177,189,279)	-	(51,634,596)	(319,593,991)
Ending balance	720,666,698	8,248,697,558	52,053,014,590	165,850,662	2,390,299,657	63,578,529,165
Net book value:						
Beginning balance	1,671,333,306	846,245,261	14,373,426,416	64,958,381	321,763,204	17,277,726,568
Ending balance	1,579,333,302	1,359,819,700	8,491,140,505	43,242,311	169,194,700	11,642,730,518

10. INTANGIBLE ASSETS

Currency: VND

	Computer software	*Other intangible assets*	*Land use right*	*Total*
Costs:				
Beginning balance	275,849,125	109,843,168	6,500,000,000	6,885,692,293
Difference from revaluation foreign currencies	-	(1,070,090)	-	(1,070,090)
Ending balance	275,849,125	108,773,078	6,500,000,000	6,884,622,203
Accumulated amortisation:				
Beginning balance	236,563,202	70,000,000	-	306,563,202
Amortization during the year	33,185,001	-	-	33,185,001
Ending balance	269,748,203	70,000,000	-	339,748,203
Net book value:				
Beginning balance	39,285,923	39,843,168	6,500,000,000	6,579,129,091
Ending balance	6,100,922	38,773,078	6,500,000,000	6,544,874,000

11. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses are office maintenance expenses, tools and consumables which can be used in more than one year.

12. TRADE PAYABLES

Currency: VND

	Ending balance	*Beginning balance (restated)*
Insurance activities	**455,702,430,349**	**471,258,273,121**
Payables for ceded activities	292,924,903,900	334,746,974,311
Payables to co-insurers	10,428,572,868	7,881,204,029
Claim payables	29,314,989,042	24,641,527,379
Commission payables	20,764,007,906	20,488,326,452
Payables for XOL contracts	102,096,435,879	83,468,695,724
Other insurance payables	173,520,754	31,545,226
Other trade payables	**8,815,877,931**	**331,834,047**
Other payables	8,815,877,931	331,834,047
	464,518,308,280	**471,590,107,168**

13. TAXES AND OTHER STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance (restated)	*Movement during the year*		*Ending balance*
		Payables	*Paid*	
Value added tax	8,588,624,084	111,245,626,679	(112,853,296,120)	6,980,954,643
Corporate income tax	16,048,002,229	57,557,759,334	(59,023,511,613)	14,582,249,950
Other taxes	4,152,445,751	23,580,143,338	(21,796,673,295)	5,935,915,794
Total	**28,789,072,064**	**192,383,529,351**	**(193,673,481,028)**	**27,499,120,387**

14. SHORT-TERM ACCRUED EXPENSES

Currency: VND

	Ending balance	*Beginning balance (restated)*
Compulsory civil liability fund	134,241,249	265,241,689
Policy holder protection fund	5,284,763,065	3,680,630,442
Compulsory fire and miscellaneous fund	3,385,178,553	3,073,975,603
Fund contribution to enhance management and supervision over insurance market	602,585,198	292,799,181
Other accrued expenses	51,516,387,533	43,834,865,968
Total	**60,923,155,598**	**51,147,512,883**

15. UNEARNED COMMISSION REVENUE

Unearned commission revenue is the deferred commission on reinsurance ceded which is not included in income of current year corresponding to unearned premium of reinsurance ceded and shall be allocated in subsequent fiscal years in accordance with Circular No. 232/2012/TT-BTC of the Ministry of Finance.

Currency: VND

	Ending balance	*Beginning balance (restated)*
Opening balance	**89,195,186,661**	**73,820,287,369**
Increased during the year	163,448,221,224	165,696,880,383
Allocated during the year	(174,219,839,009)	(150,321,981,091)
Closing balance	**78,423,568,876**	**89,195,186,661**

16. OTHER PAYABLES

Currency: VND

	Ending balance	*Beginning balance*
Other short-term payables	**10,121,546,712**	**20,127,344,260**
Employee expenses payable other than salaries	237,014,497	201,178,676
Short-term deposits	5,105,579,757	7,577,487,142
Charity funds	534,766,695	106,151,624
Dividend payables	337,975,000	335,132,400
Other payables	3,906,210,763	11,907,394,418
Other long-term payables	**883,263,950**	**1,385,593,774**
Mortgage, deposit received	883,263,950	1,385,593,774
Total	**11,004,810,662**	**21,512,938,034**

17. TECHNICAL RESERVES

17.1. Unearned premium reserve and claim reserve

Currency: VND

	Reserve for direct insurance and inward reinsurance	*Reserve for outward reinsurance (reinsurance assets)*	*Net reserve*
Opening balance *(restated)*			
Unearned premium reserve	**1,280,651,440,456**	**(415,260,536,024)**	**865,390,904,432**
Mathematical reserve for health care insurance	*296,082,572,750*	*(28,739,213,633)*	*267,343,359,117*
Unearned premium reserve for non - life insurance	*984,568,867,706*	*(386,521,322,391)*	*598,047,545,315*
Claim reserve	**848,012,201,061**	**(643,652,795,931)**	**204,359,405,130**
Outstanding claim reserve	*776,451,330,123*	*(617,335,690,611)*	*159,115,639,512*
Incurred but not reported reserve	*71,560,870,938*	*(26,317,105,320)*	*45,243,765,618*
Catastrophe reserve	**117,388,386,775**	**-**	**117,388,386,775**
	2,246,052,028,292	**(1,058,913,331,955)**	**1,187,138,696,337**
Closing balance			
Unearned premium reserve	**1,350,290,922,859**	**(379,082,993,551)**	**971,207,929,308**
Mathematical reserve for health care insurance	*340,736,516,417*	*(266,339,923)*	*340,470,176,494*
Unearned premium reserve for non - life insurance	*1,009,554,406,442*	*(378,816,653,628)*	*630,737,752,814*
Claim reserve	**1,000,855,219,216**	**(767,528,296,692)**	**233,326,922,524**
Outstanding claim reserve	*886,026,049,291*	*(706,538,548,489)*	*179,487,500,802*
Incurred but not reported reserve	*114,829,169,925*	*(60,989,748,203)*	*53,839,421,722*
Catastrophe reserve	**132,849,776,798**	**-**	**132,849,776,798**
Total	**2,483,995,918,873**	**(1,146,611,290,243)**	**1,337,384,628,630**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.1 Unearned premium reserve

Gross unearned premium reserve

Currency: VND

Product	*Ending balance*	*Beginning balance (restated)*
Health and Personal Accident	383,525,721,440	296,205,948,063
Property and Damages	292,717,884,451	367,928,978,127
Cargo	13,549,562,607	12,694,045,645
Automobile	378,581,426,136	361,271,805,201
Fire	207,795,863,432	170,584,461,075
Liability	12,938,940,999	16,388,716,255
Business Risk	23,161,875,252	18,323,088,906
Aviation	17,573,366,915	15,357,801,257
Hull and P&I	19,016,636,434	19,097,796,758
Financial and credit risk	852,720,312	2,270,557,151
Agriculture	576,924,881	528,242,018
Total	**1,350,290,922,859**	**1,280,651,440,456**

Ceded unearned premium reserve (Reinsurance assets)

Currency: VND

Product	*Ending balance*	*Beginning balance (restated)*
Health and Personal Accident	19,888,925,506	28,739,213,633
Property and Damages	175,883,988,802	218,115,015,367
Cargo	8,699,288,105	8,600,645,188
Automobile	19,318,434,154	23,431,951,172
Fire	101,573,723,513	81,311,150,096
Liability	8,624,835,718	11,958,179,328
Business Risk	18,400,695,099	16,262,222,299
Aviation	14,895,477,066	13,569,721,713
Hull and P&I	10,685,643,438	11,752,569,747
Financial and credit risk	654,330,513	1,111,508,097
Agriculture	457,651,637	408,359,384
Total	**379,082,993,551**	**415,260,536,024**

17. TECHNICAL RESERVES (continued)

17.1 Unearned premium and claim reserve (continued)

17.1.2 Claim reserve

Gross claim reserve

Currency: VND

Product	*Ending balance*	*Beginning balance*
Health and Personal Accident	56,129,242,766	65,775,406,707
Property and Damages	382,847,195,484	226,156,099,609
Cargo	21,147,134,607	17,935,805,753
Automobile	53,636,498,377	60,277,554,395
Fire	373,893,131,791	356,741,420,846
Liability	7,933,306,034	2,869,588,904
Business Risk	4,653,692,787	1,338,221,720
Aviation	10,876,657,716	18,547,249,408
Hull and P&I	53,680,176,834	60,848,109,682
Financial and credit risk	35,910,179,683	37,368,895,671
Agriculture	148,003,137	153,848,366
Total	**1,000,855,219,216**	**848,012,201,061**

Ceded reinsurance claim reserve (Reinsurance assets)

Currency: VND

Product	*Ending balance*	*Beginning balance*
Health and Personal Accident	23,148,706,029	26,469,452,919
Property and Damages	377,679,926,278	251,865,775,923
Cargo	16,536,640,296	14,627,993,172
Automobile	1,965,728,801	2,719,033,152
Fire	276,523,575,153	267,202,101,135
Liability	4,590,529,604	1,500,489,023
Business Risk	4,360,981,061	1,226,401,623
Aviation	9,325,477,503	16,628,502,995
Hull and P&I	40,308,789,399	47,596,071,949
Financial and credit risk	13,087,942,568	13,816,974,040
Total	**767,528,296,692**	**643,652,795,931**

17.2. Catastrophe reserve

Currency: VND

	Ending balance	*Beginning balance (restated)*
Opening balance	**117,388,386,775**	**102,998,098,129**
Increased during the year	15,644,275,230	14,429,047,075
Difference from revaluation foreign currencies	(182,885,207)	(38,758,429)
Closing balance	**132,849,776,798**	**117,388,386,775**

18. OWNERS' EQUITY

18.1 *Increase and decrease in owners' equity*

Currency: VND

	Charter capital	*Share premium*	*Investment and development fund*	*Statutory Reserve (restated)(**)*	*Undistributed Earnings (restated)(**)*	*Foreign exchange differences*	*Non-controlling interest*	*Total*
Previous year								
Beginning balance	**1,172,768,950,000**	**655,565,033,362**	**6,457,956,038**	**39,337,904,185**	**181,116,302,959**	**6,047,974,333**	**33,854,263,678**	**2,095,148,384,555**
Profit for the year	-	-	-	-	154,916,982,807	-	3,206,692,647	158,123,675,454
Appropriation to statutory reserves	-	-	-	12,145,294,351	(9,084,446,421)	-	(3,060,847,930)	-
Appropriation to Bonus and Welfare funds	-	-	-	-	(23,000,000,000)	-	-	(23,000,000,000)
Appropriation to Investment and Development funds	-	-	43,700,521,297	-	(43,700,521,297)	-	-	-
Dividend payment	-	-	-	-	(82,093,826,500)	-	(4,364,752,190)	(86,458,578,690)
Laos income tax on dividend paid to the subsidiary's shareholders	-	-	-	-	(900,663,150)	-	(484,972,465)	(1,385,635,615)
Difference due to FX translation	-	-	-	-	-	129,936,383	(242,672,507)	(112,736,124)
Ending balance	**1,172,768,950,000**	**655,565,033,362**	**50,158,477,335**	**51,483,198,536**	**177,253,828,398**	**6,177,910,716**	**28,907,711,233**	**2,142,315,109,580**
Current year								
Beginning balance	**1,172,768,950,000**	**655,565,033,362**	**50,158,477,335**	**51,483,198,536**	**177,253,828,398**	**6,177,910,716**	**28,907,711,233**	**2,142,315,109,580**
Profit for the year	-	-	-	-	211,087,596,834	-	229,255,152	211,316,851,986
Appropriation to statutory reserves	-	-	-	10,618,597,877	(10,618,597,877)	-	-	-
Appropriation to Bonus and Welfare funds (*)	-	-	-	-	(25,000,000,000)	-	-	(25,000,000,000)
Appropriation to Investment and Development funds	-	-	36,894,420,328	-	(36,894,420,328)	-	-	-
Dividend payment	-	-	-	-	(82,093,826,500)	-	(2,246,876,149)	(84,340,702,649)
Laos income tax on dividend paid to the subsidiary's shareholders	-	-	-	-	(463,641,110)	-	(249,652,905)	(713,294,015)
Difference due to FX translation	-	-	-	-		(732,835,017)	(1,560,333,303)	(2,293,168,320)
Ending balance	**1,172,768,950,000**	**655,565,033,362**	**87,052,897,663**	**62,101,796,413**	**233,270,939,417**	**5,445,075,699**	**25,080,104,028**	**2,241,284,796,582**

(*) In accordance with Resolution No. 01/2019/NQ-DHDCD dated 19 April 2019 approved by Annual General Meeting of Shareholders.
(**) Restate undistributed earnings and statutory reserve according to State Audit of Vietnam's (SAV) report No.1506/KTNN-TH dated 31 December 2019 approved by the General Auditor

18. OWNERS' EQUITY (continued)

18.2. Contributed capital

Currency: VND

	Ending balance	*Beginning balance*
Contributed by parent company (BIDV)	597,492,590,000	597,492,590,000
Contributed by Strategic investor (Fairfax)	410,469,130,000	410,469,130,000
Contributed by other shareholders	164,807,230,000	164,807,230,000
Total	**1,172,768,950,000**	**1,172,768,950,000**

18.3. Capital transactions with owners and distributions of dividends

Currency: VND

	Current year	*Previous year*
Paid-in capital		
Contributed capital at the begining of the year	1,172,768,950,000	1,172,768,950,000
Contributed capital at the end of the year	**1,172,768,950,000**	**1,172,768,950,000**
Dividends	**(82,093,826,500)**	**(87,844,214,305)**

18.4. Shares

	Current year	*Previous year*
Authorized shares	**117,276,895**	**117,276,895**
Issued shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895
Outstanding shares	**117,276,895**	**117,276,895**
Ordinary shares	117,276,895	117,276,895

Par value of outstanding shares (VND/share): 10,000

19. INSURANCE REVENUE

Currency: VND

	Current year	*Previous year (restated)*
Direct written premiums	2,332,535,128,134	2,075,815,489,328
Deductions from direct premiums	(459,456,061)	(204,956,210)
Total direct written premiums	**2,332,075,672,073**	**2,075,610,533,118**
Reinsurance premium assumed	104,784,449,421	205,224,486,802
Increase in un-earned premium reserve	(77,376,068,597)	(198,659,712,228)
Total	**2,359,484,052,897**	**2,082,175,307,692**

19.1 Direct written premiums

Currency: VND

Product	*Current year*	*Previous year (restated)*
Health and Personal Accident	453,133,634,354	319,704,067,252
Property and Damages	362,548,308,200	379,035,100,300
Cargo	124,338,090,723	135,968,093,824
Automobile	736,285,400,913	690,988,657,086
Fire	451,944,932,230	350,621,175,047
Liability	30,811,728,552	26,995,974,798
Business Risk	33,429,631,607	36,817,404,274
Aviation	63,465,875,120	49,751,465,850
Hull and P&I	72,001,006,241	79,782,513,804
Financial and credit risk	2,534,059,448	4,029,010,318
Agriculture	1,583,004,685	1,917,070,565
Total	**2,332,075,672,073**	**2,075,610,533,118**

19.2 Reinsurance premiums assumed

Currency: VND

Product	*Current year*	*Previous year*
Health and Personal Accident	15,011,360,426	82,207,170,239
Property and Damages	54,527,235,220	77,676,180,141
Cargo	1,068,066,161	1,037,748,399
Automobile	24,571,743,079	30,514,565,954
Fire	7,442,363,399	9,345,985,045
Liability	327,879,866	318,497,655
Business Risk	396,200,186	1,585,026,137
Aviation	1,078,489,803	2,179,110,645
Hull and P&I	279,057,274	108,258,443
Financial and credit risk	82,054,007	242,604,702
Agriculture	-	9,339,442
Total	**104,784,449,421**	**205,224,486,802**

20. REINSURANCE PREMIUM CEDED

Currency: VND

	Current year	*Previous year (restated)*
Reinsurance premium ceded	871,514,030,561	838,525,044,932
Change in ceded unearned premium reserve	29,090,593,169	(62,679,277,079)
Total	**900,604,623,730**	**775,845,767,853**

Reinsurance premium ceded includes:

Currency: VND

Product	*Current year*	*Previous year (restated)*
Health and Personal Accident	30,677,974,529	58,927,309,208
Property and Damages	323,188,156,712	327,657,129,231
Cargo	77,428,340,037	83,017,896,784
Automobile	48,675,819,918	48,468,600,425
Fire	240,307,004,940	172,849,156,568
Liability	21,929,710,844	18,555,469,267
Business Risk	28,974,437,493	33,642,784,939
Aviation	55,099,718,547	44,291,993,341
Hull and P&I	42,549,642,099	47,935,605,568
Financial and credit risk	1,617,203,604	2,017,277,741
Agriculture	1,066,021,838	1,161,821,860
Total	**871,514,030,561**	**838,525,044,932**

21. COMMISSION ON REINSURANCE CEDED

Currency: VND

Product	*Current year*	*Previous year (restated)*
Health and Personal Accident	7,788,269,613	6,100,911,825
Property and Damages	60,118,775,446	58,249,427,911
Cargo	21,486,270,956	22,420,076,911
Automobile	14,536,286,678	11,836,929,228
Fire	51,322,654,559	36,655,529,394
Liability	1,990,828,209	1,558,207,458
Business Risk	2,627,444,502	1,975,801,848
Aviation	6,492,600,709	4,611,381,971
Hull and P&I	6,605,172,163	6,658,837,410
Financial and credit risk	1,162,365,185	130,665,498
Agriculture	89,170,989	124,211,637
Total	**174,219,839,009**	**150,321,981,091**

22. OTHER INCOME FROM INSURANCE ACTIVITIES

Currency: VND

	Current year	*Previous year*
Policy management fee	26,384,403,712	25,797,999,021
Other income (*)	4,434,978,560	5,063,588,287
Total	**30,819,382,272**	**30,861,587,308**

(*) Other income includes leading fee from coinsurance and other income from reinsurance activities.

23. NET CLAIM EXPENSES

Currency: VND

	Current year	*Previous year (restated)*
Claim expenses	964,667,969,448	951,742,403,256
- *Direct claim expenses*	*867,176,065,703*	*887,325,625,014*
- *Claim expense on reinsurance assumed*	*97,491,903,745*	*64,416,778,242*
Salvage and sub-rogation	(11,160,384,351)	(15,248,825,151)
Recovery from reinsurance ceded	(358,465,342,348)	(349,668,274,067)
Increase in gross claim reserve	156,935,074,509	13,831,200,041
Increase in ceded reinsurance claim reserve	(132,286,112,006)	(20,676,428,178)
Total	**619,691,205,252**	**579,980,075,901**

23. NET CLAIM EXPENSES (continued)

23.1 *Direct claim expenses*

Currency: VND

Product	*Current year*	*Previous year (restated)*
Health and Personal Accident	101,279,542,744	83,635,779,925
Property and Damages	93,631,901,948	180,630,438,073
Cargo	39,110,439,313	59,486,303,881
Automobile	340,655,082,654	339,902,033,810
Fire	235,417,319,315	186,466,272,506
Liability	4,129,220,773	607,093,557
Business risk	563,295,749	31,478,527
Aviation	1,992,399,254	4,326,751,913
Hull and P&I	50,396,863,953	30,926,177,902
Financial and credit risk	-	782,944,299
Agriculture	-	530,350,621
Total	**867,176,065,703**	**887,325,625,014**

23.2 *Claim expense on reinsurance assumed*

Currency: VND

Product	*Current year*	*Previous year*
Health and Personal Accident	47,840,138,174	34,834,119,397
Property and Damages	28,878,332,753	13,117,923,412
Cargo	758,790,733	1,630,637,022
Automobile	17,316,019,387	14,812,561,320
Fire	587,117,328	11,916,175
Liability	23,029,550	-
Aviation	2,079,662,370	4,148,044
Hull and P&I	8,813,450	-
Financial and credit risk	-	5,472,872
Total	**97,491,903,745**	**64,416,778,242**

23. CLAIM EXPENSES (continued)

23.3 Recoveries from reinsurance ceded

Currency: VND

Product	*Current year*	*Previous year*
Health and Personal Accident	26,164,577,457	4,357,582,952
Property and Damages	115,644,947,263	126,479,346,148
Cargo	20,085,717,279	32,465,562,801
Automobile	22,384,078,993	17,902,178,525
Fire	126,344,515,747	140,337,596,631
Liability	2,449,178,768	366,912,418
Business risk	472,250,948	30,110,199
Aviation	6,866,127,355	(114,797,212)
Hull and P&I	38,053,948,538	26,652,882,170
Financial and credit risk	-	709,976,037
Agriculture	-	480,923,398
Total	**358,465,342,348**	**349,668,274,067**

24. OTHER OPERATING EXPENSES

Currency: VND

	Current year	*Previous year (restated)*
Commission	201,144,256,440	179,739,691,944
Insurance risk assessment expenses	53,404,856	92,953,940
Agent management activities	25,125,463,792	22,600,027,148
Loss prevention	1,321,329,272	793,476,139
Statutory contributions	7,227,034,861	6,771,443,296
Other expenses	412,608,036,932	365,902,136,146
Total	**647,479,526,153**	**575,899,728,613**

Other expenses include the expenses related to underwriting activities such as marketing expenses, entertainment meals, telephones, petro, per-diem, postage expense...

25. FINANCE INCOME

Currency: VND

	Current year	*Previous year*
Interest income from deposits at banks	211,127,279,824	181,299,604,065
Interest income from bonds	39,741,282,063	38,743,076,280
Dividend income	7,032,396,273	6,066,649,748
Gain from exchange rate difference	20,812,865,206	15,619,689,831
Gain from security trading	4,234,741,042	22,044,213,642
Other financial incomes	37,027,147	-
Total	**282,985,591,555**	**263,773,233,566**

26. FINANCE EXPENSES

Currency: VND

	Current year	*Previous year*
Interest expenses	6,787,441	13,181,918
Bond premium allocated expenses	64,664,424	488,827,909
Security trading expenses	80,234,685	267,934,919
Loss on security trading	307,852,699	13,530,152,799
Loss on exchange rate difference	18,893,603,176	14,186,045,012
Reversal of provision for diminution in value of investments	(680,254,815)	(3,553,252,241)
Other financial expenses	97,892,748	117,643,034
Total	**18,770,780,358**	**25,050,533,350**

27. GENERAL AND ADMINISTRATIVE EXPENSES

Currency: VND

	Current year	*Previous year (restated)*
Employee expenses	203,926,343,335	186,641,083,165
Material expenses	8,829,807,739	11,460,814,736
Tool and equipment expenses	4,743,995,684	3,972,293,365
Depreciation expenses	6,900,947,675	7,717,053,456
Tax, fee, and charge	9,487,992,850	8,778,159,652
Expenses for external services	124,756,116,251	95,828,337,147
Provision for doubtful debts	10,697,232,170	21,326,437,987
Other expenses	6,384,577,483	6,293,052,212
Total	**375,727,013,187**	**342,017,231,720**

28. OTHER INCOME

Currency: VND

	Current year	*Previous year*
Income from disposal of assets	23,393,283	242,896,051
Other income	882,198,345	3,097,777,151
Total	**905,591,628**	**3,340,673,202**

29. OTHER EXPENSES

Currency: VND

	Current year	*Previous year*
Administrative penalty	178,660,637	708,390,867
Other expenses	105,912,958	734,227,412
Total	**284,573,595**	**1,442,618,279**

30. CORPORATE INCOME TAX

The Corporation is subject to paying Corporate Income Tax ("CIT") at the rate of 20% of its taxable profits from 2019.

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

30.1 CIT Expense

Currency: VND

	Current year	*Previous year (restated)*
Current tax expense	57,557,759,334	56,629,498,351
Deferred tax expense	1,337,848,536	1,054,606,263
Total	**58,895,607,870**	**57,684,104,614**

30. CORPORATE INCOME TAX (continued)

30.1 CIT Expense (continued)

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

Currency: VND

	Current year	*Previous year (restated)*
Accounting profit before tax	**270,084,688,043**	**215,807,780,068**
Corporate Income Tax	**52,815,431,731**	**46,633,105,633**
Adjustments to increase:	**11,430,144,659**	**17,526,248,728**
Non-deductible expenses	11,000,365,114	12,094,323,734
Accrued expenses in the current year	*6,255,451,331*	*4,731,937,533*
Provision for doubtful debts	*3,131,955,027*	*4,575,036,435*
Provision for other long-term investments	-	*1,987,869,502*
Other non-deductible expenses	*1,612,958,756*	*799,480,264*
Under accrual of tax from prior years	429,779,545	5,431,924,994
Adjustments to decrease:	**(5,349,968,520)**	**(6,475,249,747)**
Tax exempted income from business activities	(1,389,916,915)	(2,985,684,976)
Accrued expenses in the prior year	(3,116,537,534)	(3,359,958,684)
Other adjustments to decrease	(843,514,071)	(129,606,087)
Current CIT expense	**58,895,607,870**	**57,684,104,614**

30.2 Current tax

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

30. CORPORATE INCOME TAX (continued)

30.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognized by the Corporation, and the movements thereon, during the current and previous years.

Currency: VND

	Consolidated balance sheet		*Consolidated income statement*	
	Ending balance	*Beginning balance*	*Current year*	*Previous year*
Deferred tax assets				
Loss on revaluation of monetary asset items	-	-	-	90,502,034
Loss on estimated treaty contracts	2,472,045,525	3,310,070,338	838,024,813	(1,275,661,349)
Loss on estimated facultative contracts	-	-	-	422,585,529
	2,472,045,525	**3,310,070,338**		
Deferred tax liabilities				
Gain from revaluation of monetary asset items	635,674,266	1,096,385,377	(460,711,111)	1,096,385,377
Gain from estimates of facultative contracts	1,681,329,506	720,794,672	960,534,834	720,794,672
	2,317,003,772	**1,817,180,049**		
Net deferred tax assets	**155,041,753**	**1,492,890,289**		
Net deferred tax charge to the consolidated income statement			**1,337,848,536**	**1,054,606,263**

31. TRANSACTIONS WITH RELATED PARTIES

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

Currency: VND

Company	*Relationship*	*Transaction*	*Current year*	*Previous year*
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Gross written premiums	98,353,077,293	104,004,181,768
		Claim expense	(26,477,670,532)	(4,129,270,451)
		Commission expense	(57,319,011,863)	(36,689,838,516)
		Interest income from term deposit	177,357,075,344	143,382,345,626
		Office rental expense	(13,591,372,903)	(12,538,210,946)
		Bank transfer expense	(2,110,035,564)	(2,459,510,767)
		Bank overdraft interest	(1,198,356)	-
BIDV-SuMI TRUST Leasing Company	Affiliate	Gross written premiums	495,958,587	247,233,079
		Claim expense	(325,992,889)	(250,962,364)
		Commission expense	(35,906,609)	(8,295,000)
BIDV Securities Company	Affiliate	Gross written premiums	-	437,000
Bank for Investment and Development of Cambodia (BIDC)	Affiliate	Gross written premiums	535,856,622	438,959,258
		Interest income from term deposit	4,768,331,507	5,310,160,978
		Claim expense	(10,615,000)	(104,720,980)

Terms and conditions of transactions with related parties

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

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related companies at the consolidated balance sheet date are as follows:

Currency: VND

Related company	*Relationship*	*Description*	*Ending balance*	*Beginning balance*
Trade receivables				
Joint stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Current account	103,978,860,655	56,408,473,267
		Term deposits	2,485,500,000,000	2,260,500,000,000
		Interest from term deposits	111,134,135,618	96,458,075,689
		Premium receivables	422,050,779	71,016,931
BIDV Leasing Company I		Compulsory deposit at BIDV	10,000,000,000	8,000,000,000
		Deposits in blocked account	1,520,633,193	1,552,404,293
BIDV-SuMI TRUST Leasing Company	Affiliate	Premium receivables	450,221,927	397,120,058
Bank for Investment and Development of Cambodia (BIDC)	Affiliate	Term Deposits	49,500,000,000	61,500,000,000
		Interest from term deposits	2,123,728,767	2,354,509,589
Trade payables				
Joint stock Commercial Bank for Investment and Development of Vietnam (BIDV)	Parent	Commission payables	(6,299,323,944)	(12,538,210,946)
		Office rent payables	(1,916,125,528)	(2,459,510,767)
BIDV-SuMI TRUST Leasing Company	Affiliate	Commission payables	(22,948,622)	(8,295,000)

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of Board of Directors:

Currency: VND

	Current year	*Previous year*
Remuneration	515,000,001	252,000,000
Total	**515,000,001**	**252,000,000**

Remuneration to members of Board of Management:

Currency: VND

	Current year	*Previous year*
Salaries and bonus	10,181,650,646	10,949,255,905
Other benefits	501,783,334	504,133,340
Total	**10,683,433,980**	**11,453,389,245**

Apart from salaries and bonus, the Board of Management is not entitled to any other benefits.

32. INFORMATION ON SEGMENT REPORTING

The primary segment reporting format is determined to be business segments as the Corporation risks and rates of return are affected predominantly by differences on geographical where the products and services are rendered.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

The Corporation's geographical segments are based on the location of the Corporation's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

32. INFORMATION ON SEGMENT REPORTING (continued)

The following table presents operating result of the Corporation's operating segments for the year ended 31 December 2019:

Currency: million VND

	Domestic market	*Foreign market*	*Adjustments and eliminations*	*Total*
Insurance revenue	2,139,178	317,118	(96,812)	2,359,484
Reinsurance ceded premium	(723,653)	(279,484)	102,532	(900,605)
Net insurance premiums	**1,415,525**	**37,634**	**5,720**	**1,458,879**
Commission on reinsurance ceded and other insurance incomes	191,450	41,912	(28,323)	205,039
Total operating revenues	**1,606,975**	**79,546**	**(22,603)**	**1,663,918**
Claim expenses	(937,803)	(47,955)	32,250	(953,508)
Recoveries from reinsurance ceded	357,568	30,006	(29,109)	358,465
Increase in direct and assumed claim reserve	(67,702)	(130,952)	41,719	(156,935)
Increase in ceded claim reserve	47,859	126,350	(41,923)	132,286
Net claim expenses	**(600,078)**	**(22,551)**	**2,937**	**(619,692)**
Increase in catastrophe reserve	(15,234)	-	(410)	(15,644)
Other operating expenses	(625,693)	(48,822)	27,035	(647,480)
Total direct operating expenses	**(1,241,005)**	**(71,373)**	**29,562**	**(1,282,816)**
Gross insurance operating profit	**365,970**	**8,173**	**6,959**	**381,102**
Finance income	258,943	28,221	(4,178)	282,986
Finance expenses	(4,951)	(13,999)	180	(18,770)
Profit from financial activities	**253,992**	**14,222**	**(3,998)**	**264,216**
General and administrative expenses	(358,436)	(20,702)	3,411	(375,727)
Net operating income	**261,526**	**1,693**	**6,372**	**269,591**
Other income	656	250		906
Other expenses	(261)	(23)		(284)
Net other profit/(loss)	**395**	**227**		**622**
Profit before Corporate income tax	**261,921**	**1,920**	**6,372**	**270,213**

32. INFORMATION ON SEGMENT REPORTING (continued)

Information on the assets and liabilities of segments in geographical segments of Corporation at 31 December 2019 as follow:

Currency: VND

	Domestic market	*Foreign market*	*Adjustments and eliminations*	*Total*
CURRENT ASSETS	**3,980,184**	**451,287**	**(208,866)**	**4,222,605**
Cash and cash equivalents	105,693	13,648	-	119,341
Short-term investments	2,313,523	84,020	-	2,397,543
Short-term receivables	447,499	61,019	(87,281)	421,237
Inventories	-	179	-	179
Other short-term assets	134,240	17,623	(14,169)	137,694
Reinsurance assets	979,229	274,798	(107,416)	1,146,611
NON-CURRENT ASSETS	**1,254,383**	**53,311**	**(34,660)**	**1,273,034**
Long-term receivables	12,731	22,576	-	35,307
Fixed assets	16,940	1,248	-	18,188
Long-term investments	1,224,494	29,487	(34,660)	1,219,321
Other long-term assets	218	-	-	218
TOTAL ASSETS	**5,234,567**	**504,598**	**(243,526)**	**5,495,639**
LIABILITIES	**3,036,227**	**432,940**	**(214,813)**	**3,254,354**
Current liabilities	3,035,343	432,940	(214,813)	3,253,470
Non-current liabilities	884	-		884
OWNERS' EQUITY	**2,198,340**	**71,658**	**(28,713)**	**2,241,285**
TOTAL LIABILITIES AND OWNERS' EQUITY	**5,234,567**	**504,598**	**(243,526)**	**5,495,639**

33. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Corporation leases office premises under an operating lease. Future rental amounts due under operating leases as at the year-end were as follows:

Currency: VND

	Ending balance	*Beginning balance*
Operating lease commitments due:		
- Less than 1 year	2,782,579,344	2,955,865,884
- From 1 – 5 years	30,404,047,823	17,616,250,470
- More than 5 years	-	2,296,588,241
Total	**33,186,627,167**	**22,868,704,595**

Foreign contractor withholding tax

The Corporation accounted for the FCT on reinsurance premiums ceded to overseas reinsurers from countries without Double Tax Treaty with Vietnam or from countries with Double Tax Treaty with Vietnam but the reinsurers have not submitted adequate supporting documents.

33. COMMITMENTS AND CONTINGENCIES (continued)

Off-balance sheet items

ITEMS	*Ending balance*	*Beginning balance*
Insurance policies signed but not yet effective (VND)	105,454,924,617	124,511,442,349
Foreign currency (USD)	5,064,572	5,144,679
Foreign currency (EUR)	218,261	257,583
Foreign currency (GPB)	68,700	12,328
Foreign currency (AUD)	12,320	62,629
Foreign currency (LAK)	2,715,915,488	1,993,438,383
Foreign currency (THB)	7,612,073	4,910,090

34. EARNINGS PER SHARE

The following reflects the income and share data used in the basic earnings per share computations:

	31 December 2019	*31 December 2018 (restated)*
Net profit after tax attributable to ordinary shareholders (VND)	211,087,596,834	154,916,982,807
Distribution to bonus and welfare fund (VND)	25,000,000,000	23,000,000,000
Net profit after tax attributable to ordinary shareholders for basic earnings (VND)	186,087,596,834	131,916,982,807
Weighted average number of ordinary shares for basic earnings per share (unit)	117,276,895	117,276,895
Earnings per share (VND)	1,587	1,125

35. RISK MANAGEMENT FRAMEWORK

35.1 Governance framework

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

The Corporation has established a risk management function which agreed clear terms of reference by the Board of Directors and committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to the Board of Management and other senior management. A policy framework has been developed and implemented which sets out the risk profiles for the Corporation, risk management; control and business conduct standards for the Corporation's operations. Each policy has a member of the Board of Management charged with overseeing compliance with the policy throughout the Corporation.

35. RISK MANAGEMENT FRAMEWORK (continued)

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

The primary insurance activity carried out by the Corporation is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such the 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.

35.3 Capital management and regulatory framework

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

Regulatory capital requirements arising from the operations of the Corporation require the Corporation to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The solvency requirements that apply to the Corporation is those set out in Circular 50.

The table below summarises the minimum regulatory solvency margin for the Corporation and the solvency capital held against each of them. Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance subsidiaries are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Corporation maintain appropriate solvency position to meet unforeseen liabilities arising from economic turmoil or natural disasters.

Currency: VND

	Corporation Solvency Margin	*Minimum Solvency Margin*	*Solvency Margin Ratio*
31 December 2019	1,765,934	432,791	408%
31 December 2018	1,738,495	365,930	475%

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.

35.4 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.

35. RISK MANAGEMENT FRAMEWORK (continued)

35.5 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 assessed by the Corporation are satisfied to have business with the Corporation.

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

36.1 Insurance risk

Assumptions, changes in assumptions and sensitivity analysis

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

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed and updated regularly when there is updated information. The provision is estimated based on information currently available.

The claim reserve is calculated based on method regulated in Circular 50. Details of such reserving methodologies are as follows:

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

36.1 Insurance risk (continued)

Assumptions, changes in assumptions and sensitivity analysis (continued)

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified or requested for payment but is still unresolved at the end of the fiscal year, accordance with the Circular 50; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) calculated at the rate of 3% of premium for each insurance operation.

The Corporation issues general insurance contracts such as cargo, hull, aviation, engineering, fire, health and personal accident, general indemnity and automobile. Risks under general insurance contracts usually cover twelve-month duration.

The Corporation is exposed to cumulative risks from the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi, Hai Phong, Da Nang and Dong Nai.

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

For late notified claims that take more than a year to settle, there is also inflation risk. These risks do not vary significantly in relation to the location, type of risk insured and industry.

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

The purpose of the reinsurance and reinsurance strategy is to reduce the risk associated with the Group's catastrophic risk exposure as determined by the Board of Directors. The Board of Directors may decide to increase or decrease the maximum tolerance based on market conditions and other factors.

Concentration level of insurance risk

Insurance risks of the Corporation include most types of non-life insurance risks as cargo, marine, aviation, oil and gas, property, personal and accident, engineering risk, etc. Aside from accumulative risk in the same category, the Corporation also faces concentration of risks e.g. vessel and cargo insurance, asset and human insurance, etc. the Corporation has internal policies on the management of concentration of risks and reinsurance protection contracts to limit liability when accumulative risk events or disasters occur.

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

36.1 Insurance risk (continued)

Claim data table

The table below presents estimates of accumulated occurred claims, along to accumulated claim settlement until now:

Currency: million VND

ITEMS	Accident year					
	2015	2016	2017	2018	2019	Total
At end of accident year	1	2	3	4	5	6
I. Estimate of cumulative claims incurred						
1	356,341	435,894	499,619	559,051	562,301	
2	376,353	471,314	506,456	585,807	-	
3	377,401	480,637	516,302	-	-	
4	378,384	478,567	-	-	-	
5	380,101	-	-	-	-	
Current estimate of cumulative claims incurred (1)	**380,101**	**478,567**	**516,302**	**585,807**	**562,301**	**2,523,078**
II. Cumulative claim payment						
1	253,717	337,630	352,410	428,084	444,950	
2	351,353	463,819	480,432	552,892	-	
3	367,925	482,617	494,919	-	-	
4	373,622	475,931	-	-	-	
5	379,083	-	-	-	-	
Cumulative claim payment to date (2)	**379,083**	**475,931**	**494,919**	**552,892**	**444,950**	**2,347,775**
III. Net outstanding claim reserve (3) = (1) – (2)	**1,018**	**2,636**	**21,383**	**32,915**	**117,351**	**175,303**
IV. Current estimate of surplus/(deficit) (4)	**(23,760)**	**(42,673)**	**(16,683)**	**(26,756)**	**-**	**(109,872)**
V. Percentage of current estimate of surplus/(deficit) over current estimate of cumulative claims incurred (5) = (4)/(1)*100%	**(6%)**	**(9%)**	**(3%)**	**(5%)**	**0%**	**(4%)**

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

36.2 Financial risk

The Corporation's financial liabilities comprise trade and other payables. The Corporation has trade receivables, other receivables, cash and short-term deposits and other financial investments. The Corporation does not hold or issue derivative financial instruments.

The Corporation is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Corporation. The Corporation has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Corporation's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below.

36.2.1 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 prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the Corporation's financial position as at 31 December 2019 and 31 December 2018.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that:

- the sensitivity of the balance sheet relates to available-for-sale debt instrument;
- the sensitivity of the relevant consolidated income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2019 and 31 December 2018.

Interest rate risk

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

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

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

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

36.2 Financial risk (continued)

36.2.1 Market risk (continued)

Foreign currency risk

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

As the majority of the Corporation's financial assets are denominated in VND, the foreign currency risk is mitigated. Most of other assets denominated in foreign currency are in USD.

The table below indicates the effect of a reasonably possible movement of the foreign currency exchange rate against the VND, with all other variables held constant, on the consolidated income statement and statement of financial position of the Corporation:

Currency: VND

Change in variance	*Impact on profit before tax*	*Impact on equity*
31 December 2019		
+5%	3,875,263,279	3,100,210,624
-5%	(3,875,263,280)	(3,100,210,624)
31 December 2018		
+5%	3,292,661,099	2,634,128,879
-5%	(3,292,661,099)	(2,634,128,879)

Equity price risk

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

At the reporting date, the exposure to listed equity securities at fair value was VND 254,152,715,840 (31 December 2018: VND 157,469,478,645). A decrease of 10% on the stock market index would decrease Corporation's profit before tax by VND 4,208,644,660 (31 December 2018: decrease by VND 531,032,560), depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Corporation's profit before tax by VND 2,213,152,162 (31 December 2018: increase by VND 510,600,000).

36. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

36.2 Financial risk (continued)

36.2.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables from original insurance and reinsurance activities) and from its financing activities, including deposits at banks and other financial instruments.

Trade receivables

The trade receivables, which subject to credit risk, include trade receivables from insurance and reinsurance activities, and other receivables subject to credit risk. Customer credit risk is managed by the Corporation based on its established policy, procedures and control relating to customer credit risk management.

The most significant of reinsurance receivables are reinsurance recoveries. To mitigate the risk of the counterparties not paying the due amount, the Corporation has established certain business and financial guidelines for accepting business with each reinsurer, using ratings by major agencies and considering currently available market information. The Corporation also periodically reviews the financial stability of reinsurers using public information and other sources and the settlement trend of amounts due from reinsurers.

Bank deposits and other financial instruments

The Corporation's bank balances are mainly maintained with well-known banks in Vietnam. The Corporation evaluates the concentration of credit risk in respect of bank deposit at low level.

The Corporation's financial assets are neither past due nor impaired except for the following receivables which are past due and impaired as at 31 December 2019.

Currency: VND million

	Past due but not impaired		*Past due and impaired*		*Provision for impairment*
	< 90 days	*91-180 days*	*181-360 days*	*> 360 days*	
As at 31 December 2019					
Receivables from insurance activities	2,262	11,699	14,150	39,668	35,536
Receivables from financial activities	-	-	-	3,000	3,000
Total	**2,262**	**11,699**	**14,150**	**42,668**	**38,536**
As at 31 December 2018 *(restated)*					
Receivables from insurance activities	47,635	2,267	23,585	36,294	35,184
Receivables from financial activities	-	-	-	3,000	3,000
Total	**47,635**	**2,267**	**23,585**	**39,294**	**38,184**

Provisions for impairment of the receivables were made under the Circular No. 48.

36 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

36.2 Financial risk (continued)

36.2.3 Liquidity risk

The Corporation has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts. Therefore, there is a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Corporation manages this risk by monitoring and setting an appropriate level of operating funds to settle these liabilities.

Contractual maturity

The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments as at 31 December 2019 and 31 December 2018:

Currency: VND

	On demand	*Less than 1 year*	*From 1 to 5 years*	*Total*
31 December 2019				
Insurance payables	60,507,569,816	-	-	60,507,569,816
Reinsurance payables	-	395,021,339,779	-	395,021,339,779
Accrued expenses	-	10,121,546,712	-	10,121,546,712
Claim reserve (*)	1,000,855,219,216	-	-	1,000,855,219,216
Other payables	294,835,739,334	-	-	294,835,739,334
	1,356,198,528,366	**405,142,886,491**	**-**	**1,761,341,414,857**

(*) Excluding gross unearned premium reserve and catastrophe reserve

Currency: VND

	On demand	*Less than 1 year*	*From 1 to 5 years*	*Total*
31 December 2018 *(restated)*				
Insurance payables	53,011,057,860	-	-	53,011,057,860
Reinsurance payables	-	418,215,670,035	-	418,215,670,035
Accrued expenses	-	20,127,344,260	-	20,127,344,260
Claim reserve	848,012,201,061	-	-	848,012,201,061
Other payables	256,870,927,681	-	-	256,870,927,681
	1,157,894,186,602	**438,343,014,295**	**-**	**1,596,237,200,897**

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 01 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

Due to Circular 210 only requires the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relevant definitions are applicable to prepare this note only. The assets, liabilities and equities of the Corporation still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System applicable to insurance companies and comply with the relevant statutory requirements.

Financial assets

Financial assets within the scope of Circular 210 include cash and bank deposits, trade and other receivables, listed and unlisted financial instruments.

According to Circular 210, for the purpose of disclosure in the Consolidated Financial Statements, financial assets are classified as appropriate into one of the following categories:

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

  a) Financial asset that satisfies either of the following conditions:

     A financial asset will be classified as securities held for trading if:

     (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;

     (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or

     (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).

  b) Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through Profit and loss statement.

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

  a) Financial assets that, upon initial recognition, were categorized as such recognized at fair value through profit or loss statements;

  b) Financial assets already categorized as available for sale;

  c) Financial assets that meet the definitions of loans and receivables.

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

- ***Loans and receivables are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:***
  a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair, value through profit or loss statements;
  b) The amounts categorized by the entity as available for sale upon initial recognition; or;
  c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.
- ***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 Consolidated 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 amortised cost,*** include financial liabilities that were not categorized as financial liabilities at fair value through profit or loss statements.

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

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 method and assumption 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.
- Fair value of listed shares is determined based on the price on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) on 31 December 2019.
- Fair value of unlisted shares which have been registered in the unlisted public companies market (UPCom) is the average price of the trading market on 31 December 2019.
- Fair value of unlisted shares which have not been registered in the unlisted public companies market (OTC) is the average of public price quotations of at least three (03) reputable and large security companies in the market.
- Where the active market information was not available to determine fair value of financial assets, financial liabilities at the reporting date, impairment information was consider or their carrying amounts were used.

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2019:

Currency: VND

	Carrying amount				*Fair value*
31 December 2019	*Cost*	*Accrued interest*	*Provision*	*Total*	
Financial assets					
Available for sale	249,177,368,094	-	(50,696,433,253)	198,480,934,841	281,587,639,016
Listed shares	*171,743,371,584*	-	*(2,105,345,252)*	*169,638,026,332*	*252,744,730,507*
Unlisted shares	*27,433,996,510*	-	*(26,026,017,410)*	*1,407,979,100*	*1,407,979,100*
BIDV Metlife	*50,000,000,000*	-	*(22,565,070,591)*	*27,434,929,409*	*27,434,929,409*
Loan and receivables	3,759,619,327,047	146,288,312,947	(48,878,224,658)	3,857,029,415,336	3,857,029,415,336
Bonds	*503,399,242,353*	*8,905,479,452*	*(3,000,000,000)*	*509,304,721,805*	*509,304,721,805*
Term deposits	*2,914,983,343,398*	*135,949,357,795*	-	*3,050,932,701,193*	*3,050,932,701,193*
Insurance receivables	*297,664,577,140*	-	*(44,912,340,197)*	*252,752,236,943*	*252,752,236,943*
Other receivables	*10,995,736,946*	-	*(965,884,461)*	*10,029,852,485*	*10,029,852,485*
Statutory deposit	*32,576,427,210*	*1,433,475,700*	-	*34,009,902,910*	*34,009,902,910*
Cash and cash equivalents	119,341,101,387	-	-	119,341,101,387	119,341,101,387
Total	**4,128,137,796,528**	**146,288,312,947**	**(99,574,657,911)**	**4,174,851,451,564**	**4,257,958,155,739**
Financial liabilities					
Trade payables	464,518,308,280	-	-	464,518,308,280	464,518,308,280
Accrued expenses	60,923,155,598	-	-	60,923,155,598	60,923,155,598
Other payables	11,004,810,662	-	-	11,004,810,662	11,004,810,662
Total	**536,446,274,540**	**-**	**-**	**536,446,274,540**	**536,446,274,540**

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

This table below presents carrying amount and fair value of the Corporation's assets at 31 December 2018:

Currency: VND

	Carrying amount				*Fair value*
31 December 2018	*Cost*	*Accrued interest*	*Provision*	*Total*	
Financial assets					
Available for sale	184,784,743,944	-	(51,376,688,068)	133,408,055,876	182,629,417,577
Listed shares	*108,877,373,944*	-	*(661,117,000)*	*108,216,256,944*	*157,437,618,645*
Unlisted shares	*25,907,370,000*	-	*(25,907,370,000)*	-	-
BIDV Metlife	*50,000,000,000*	-	*(24,808,201,068)*	*25,191,798,932*	*25,191,798,932*
Loan and receivables	3,582,693,137,735	131,521,454,507	(38,184,115,462)	3,676,030,476,780	3,676,030,476,780
Bonds	*480,879,030,419*	*10,835,800,283*	*(3,000,000,000)*	*488,714,830,702*	*488,714,830,702*
Term deposits	*2,696,403,775,594*	*117,631,843,811*	-	*2,814,035,619,405*	*2,814,035,619,405*
Insurance receivables	*362,968,721,906*	-	*(31,055,120,754)*	*331,913,601,152*	*331,913,601,152*
Other receivables	*11,242,100,609*	-	*(4,128,994,708)*	*7,113,105,901*	*7,113,105,901*
Statutory deposit	*31,199,509,207*	*3,053,810,413*	-	*34,253,319,620*	*34,253,319,620*
Cash and cash equivalents	99,928,524,532	-	-	99,928,524,532	99,928,524,532
Total	**3,867,406,406,211**	**131,521,454,507**	**(89,560,803,530)**	**3,909,367,057,188**	**3,958,588,418,889**
Financial liabilities					
Trade payables	471,590,107,168	-	-	471,590,107,168	471,590,107,168
Accrued expenses	51,147,512,883	-	-	51,147,512,883	51,147,512,883
Other payables	21,512,938,034	-	-	21,512,938,034	21,512,938,034
Total	**544,250,558,085**	**-**	**-**	**544,250,558,085**	**544,250,558,085**

38. CORRESPONDING FIGURES

In 2019, State Audit Office of Vietnam (SAV) audited the financial statements for the year ended 31 December 2018 of BIDV Insurance Joint Stock Corporation and has given their report in Official Letter No. 1506/TB-KTNN dated 31 December 2019 approved by the General Auditor.

According to SAV's report, the Corporation has restated the corresponding figures related to adjustments requested by SAV to the financial statements for the year ended 31 December 2018.

The restatements for the consolidated financial statements for the year ended 31 December 2018 are presented below:

Extract from the Consolidated Balance Sheet as at 31 December 2018

Currency: VND

Code	*ASSETS*	*Note*	*31 December 2018 (As previously stated)*	*Restatement*	*31 December 2018 (Restated amounts)*
100	**A. A.CURRENT ASSETS**		**4,675,064,474,317**	**4,923,297,203**	**4,679,987,771,520**
130	**III. Short-term receivables**		**479,038,445,422**	**3,538,548,772**	**482,576,994,194**
131	***1. Short-term trade receivables***		**359,715,295,468**	**3,538,548,772**	**363,253,844,240**
131.1	*1.1. Insurance receivables*	[38.1]	*359,430,173,134*	*3,538,548,772*	*362,968,721,906*
150	***V. Other short-term assets***		**125,700,410,246**	**235,410,988**	**125,935,821,234**
151	1. Prepaid expenses		125,525,014,765	235,410,988	125,760,425,753
151.1	*1.1. Unallocated commission expense*	[38.2]	*123,299,932,322*	*235,410,988*	*123,535,343,310*
190	**VI. Reinsurance assets**		**1,057,763,994,511**	**1,149,337,443**	**1,058,913,331,954**
191	1. Reinsurance assets from unearned premium reserve	[38.3]	414,111,198,580	1,149,337,443	415,260,536,023
270	**TOTAL ASSETS**		**5,133,417,813,552**	**4,923,297,203**	**5,138,341,110,755**

38. CORRESPONDING FIGURES (continued)

Extract from the Consolidated Balance Sheet as at 31 December 2018 (continued)

Currency: VND

Code	*RESOURCES*	*Note*	*31 December 2018 (As previously stated)*	*Restatement*	*31 December 2018 (Restated amounts)*
300	**C. LIABILITIES**		**3,005,199,214,882**	**(9,173,213,707)**	**2,996,026,001,175**
310	***I. Current liabilities***		***3,003,813,621,108***	***(9,173,213,707)***	***2,994,640,407,401***
311	**1. Trade payables**		**470,404,779,120**	**1,185,328,048**	**471,590,107,168**
311.1	*1.1. Insurance payables*	[38.4]	*470,072,945,073*	*1,185,328,048*	*471,258,273,121*
313	2. Tax and other statutory obligations	[38.5]	28,960,034,089	(170,962,025)	28,789,072,064
314	3. Payables to employees	[38.15]	56,569,511,102	3,949,626,879	60,519,137,981
315	5. Short-term accrued expenses	[38.6]	68,312,490,081	(17,164,977,198)	51,147,512,883
318.1	8. Un-earned commission revenue	[38.7]	88,903,008,964	292,177,697	89,195,186,661
329	**15. Technical reserves**		**2,243,316,435,400**	**2,735,592,892**	**2,246,052,028,292**
329.1	*15.1. Gross un-earned premium reserve*	[38.8]	1,277,936,540,180	*2,714,900,276*	1,280,651,440,456
329.3	*15.2. Catastrophe reserve*		117,367,694,159	*20,692,616*	117,388,386,775
400	**D. OWNERS' EQUITY**		**2,128,218,598,670**	**14,096,510,910**	**2,142,315,109,580**
410	***I. Owners' equity***		**2,128,218,598,670**	***14,096,510,910***	**2,142,315,109,580**
419	2. Statutory reserves		50,778,372,991	704,825,545	51,483,198,536
421	**3. Undistributed earnings**		**163,862,143,033**	**13,391,685,365**	**177,253,828,398**
421b	*3.1. Undistributed earnings of current year*	[38.15]	133,441,587,856	13,391,685,365	146,833,273,221
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**5,133,417,813,552**	**4,923,297,203**	**5,138,341,110,755**

38. CORRESPONDING FIGURES (continued)

Extract from the Consolidated Income Statement for the year ended 31 December 2018

Currency: VND

Code	*ITEMS*	*Note*	*2018 (As previously stated)*	*Restatement*	*2018 (Restated amounts)*
01	**1. Insurance premium revenue**		**2,081,581,729,069**	**593,578,623**	**2,082,175,307,692**
01.1	- Direct written premiums	[38.9]	2,072,302,054,219	3,308,478,899	2,075,610,533,118
01.3	- Increase in gross un-earned premium reserve	[38.8]	(195,944,811,952)	(2,714,900,276)	(198,659,712,228)
02	**2. Reinsurance premium ceded**		**(775,755,887,975)**	**(89,879,878)**	**(775,845,767,853)**
02.1	- Reinsurance premium ceded	[38.10]	(837,285,827,611)	(1,239,217,321)	(838,525,044,932)
02.2	- Increase in ceded un-earned premium reserve	[38.3]	61,529,939,636	1,149,337,443	62,679,277,079
03	**3. Net insurance premiums**		**1,305,825,841,094**	**503,698,745**	**1,306,329,539,839**
04	4. Commission on reinsurance ceded and other insurance income		**181,156,409,449**	**27,158,950**	**181,183,568,399**
04.1	- *Commission on reinsurance ceded*		**150,294,822,141**	**27,158,950**	**150,321,981,091**
10	**5. Total net revenue from insurance business**		**1,486,982,250,543**	**530,857,695**	**1,487,513,108,238**
11	**6. Claim expenses**		**(936,522,493,431)**	**28,915,326**	**(936,493,578,105)**
11.1	- *Claim expenses*	[38.11]	(951,771,318,582)	28,915,326	(951,742,403,256)
15	**10. Net claim expenses**		**(580,008,991,227)**	**28,915,326**	**(579,980,075,901)**
16.1	11. Increase in catastrophe reserve		(14,408,354,459)	(20,692,616)	(14,429,047,075)
17	**12. Other operating expenses**		**(593,034,669,425)**	**17,134,940,812**	**(575,899,728,613)**
17.1	- *Commission expenses*		(179,719,423,347)	(20,268,597)	(179,739,691,944)
17.2	- *Other expenses from insurance activities*	[38.12]	(413,315,246,078)	17,155,209,409	(396,160,036,669)

38. CORRESPONDING FIGURES (continued)

Extract from the Consolidated Income Statement for the year ended 31 December 2018 (continued)

Currency: VND

Code	*ITEMS*	*Note*	*2018 (As previously stated)*	*Restatement*	*2018 (Restated amounts)*
18	**13. Total direct operating expenses**		**(1,187,452,015,111)**	**17,143,163,522**	**(1,170,308,851,589)**
19	**14. Gross insurance operating profit**		**299,530,235,432**	**17,674,021,217**	**317,204,256,649**
26	18. General and administrative expenses	[38.13]	(337,672,604,841)	(4,344,626,879)	(342,017,231,720)
30	**19. Net operating income**		**200,580,330,807**	**13,329,394,338**	**213,909,725,145**
50	**23. Accounting profit before tax**		**202,478,385,730**	**13,329,394,338**	**215,807,780,068**
51	24. Current corporate income tax expenses	[38.14]	(57,396,614,923)	767,116,572	(56,629,498,351)
60	**26. Profit after tax**		**144,027,164,544**	**14,096,510,910**	**158,123,675,454**

Significant restatements are described below

38.1 The adjustment in trade receivables comprises of:

Currency: VND

Notes	*Content*	*Amount*
38.1.1	Increase gross written premium receivables	3,509,633,446
38.1.2	Increase other trade receivables	28,915,326
		3,538,548,772

38.2 Increase unallocated commission expenses related to the adjusted commission expense for policies underwritten in 2018.

38.3 Increase reinsurance assets from unearned premium reserves due to the impact of adjustment Gross and assumed reinsurance premium reserve presented in Note 38.8.

38.4 The adjustments in short-term trade payables comprise of:

Currency: VND

Notes	*Content*	*Amount*
38.4.1	Increase ceded premium payables	919,880,674
38.4.2	Commission payables	255,679,585
38.4.3	Co-insurance management fee payables	9,767,789
		1,185,328,048

38.5 The adjustment in Tax and other statutory obligations comprises of:

Currency: VND

Notes	*Content*	*Amount*
38.5.1	Value Added Tax	201,154,547
38.5.2	Corporate Income Tax (Note 38.14)	(767,116,572)
38.5.3	Other taxes	395,000,000
		(170,962,025)

38. CORRESPONDING FIGURES (continued)

Significant restatements are described below (continued)

38.6 Decrease short-term accrual expenses due to the adjustment to decrease accrued marketing expenses

38.7 Increase un-earned commission revenue due to the adjustment of ceded reinsurance commission.

38.8 Gross and assumed unearned premium reserve is increased due to adjusting revenue as presented in note 38.9.

38.9 Increase VND 3,308,478,899 direct written premiums as a number of insurance policies was recorded in the wrong period.

38.10 Reinsurance premium ceded is increased due to impact of adjustment revenue in note 38.9.

38.11 Decrease claim expenses by VND 28,915,326, since BIC did not apply the deductible condition to claim case, according to the term and condition on the insurance contract.

38.12 The adjustments of other operating expenses comprise of:

Currency: VND

Notes	*Content*	*Amount*
38.12.1	Decrease short-term accrued expenses (present on note 38.6)	(17,164,977,198)
38.12.2	Co-insurance management fee payables (present on note 38.4.3)	9,767,789
		(17,155,209,409)

38.13 The adjustments of General and administrative expenses comprise of:

Currency: VND

Notes	*Content*	*Amount*
38.13.1	Tax, fee, and charge	395,000,000
38.13.2	Employee expenses	3,949,626,879
		4,344,626,879

38.14 Decrease VND 767,116,572 corporate income tax as a result of the SAV adjustments.

38.15 Adjust supplementary salary, performance-based salary and undistributed earnings of current year as a result of the SAV adjustments

39. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Corporation and its subsidiary.

40. APPROVAL FOR ISSUANCE

The consolidated financial statements as at and for the year ended 31 December 2019 were authorised for issuance by the General Director on 11 February 2020.

Ms. Kieu Thi Hong Nhung Accountant Finance - Accounting Division	Ms. Nguyen Thanh Mai Deputy Director in - charge Finance - Accounting Division	Mr. Tran Hoai An General Director

Hanoi, Vietnam

11 February 2020