

**PVI REINSURANCE JOINT-STOCK CORPORATION**  
*(Incorporated in the Socialist Republic of Vietnam )*



**AUDITED FINANCIAL STATEMENTS**  
For the year ended 31 December 2020

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**PVI REINSURANCE JOINT-STOCK CORPORATION**25<sup>th</sup> floor, PVI Tower, No.01 Pham Van Bach

Cau Giay District, Hanoi, S.R. Vietnam

**STATEMENT OF THE BOARD OF MANAGEMENT**

The Board of Management of PVI Reinsurance Joint-Stock Corporation (the "Corporation") presents this report together with the Corporation's financial statements for the year ended 31 December 2020.

**THE BOARDS OF DIRECTORS AND MANAGEMENT**

The members of the Boards of Directors and Management of the Corporation who held office during the year and to the date of this report are as follows:

**Board of Directors**

Mr. Nguyen Anh Tuan	Chairman
Mr. Duong Thanh Francois	Vice Chairman (resigned on 27 March 2020)
Mr. Lam Nhat Son	Member
Ms. Pham Thi Thanh Nga	Member (resigned on 27 March 2020)
Mr. Truong Minh Duc	Member
Mr. Trinh Anh Tuan	Member
Mr. Alexander Nicolai Neumann	Member (appointed on 27 March 2020)
Mr. Nguyen Anh Vu	Member (appointed on 27 March 2020)

**Board of Management**

Mr. Trinh Anh Tuan	Chief Executive Officer
Ms. Le Thi Thuy	Director of Business Division 1
Mr. Nguyen Hong Long	Director of Business Division 2
Mr. Phan Trinh Quoc Kien	Chief Operation Officer
Mr. Ngo Thanh Hai	Chief Accountant

**BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY**

The Board of Management of the Corporation is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

**PVI REINSURANCE JOINT-STOCK CORPORATION**

25<sup>th</sup> floor, PVI Tower, No.01 Pham Van Bach

Cau Giay District, Hanoi, S.R. Vietnam

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**STATEMENT OF THE BOARD OF MANAGEMENT (Continued)**

The Board of Management of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the financial statements comply with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Corporation has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Management,



Trịnh Anh Tuan  
Chief Executive Officer

Hanoi, 17 February 2021

No.: 0563 /VN1A-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders  
The Boards of Directors and Management  
PVI Reinsurance Joint-Stock Corporation**

We have audited the accompanying financial statements of PVI Reinsurance Joint-Stock Corporation (the "Corporation"), prepared on 17 February 2021 as set out from page 05 to page 37, which comprise the balance sheet as at 31 December 2020, the statement of income, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.



**Khúc Thị Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2018-001-1

A blue ink signature of Pham Tuan Linh.

**Pham Tuan Linh**  
**Auditor**  
Audit Practising Registration Certificate  
No. 3001-2019-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

17 February 2021  
Hanoi, S.R. Vietnam

**BALANCE SHEET**

*As at 31 December 2020*

*Unit: VND*

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>3,905,443,953,036</b>	<b>3,584,440,925,388</b>
<b>(100=110+120+130+150+190)</b>				
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>54,685,820,990</b>	<b>85,314,786,197</b>
1. Cash	111		19,685,820,990	45,314,786,197
2. Cash equivalents	112		35,000,000,000	40,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>1,174,959,000,000</b>	<b>628,591,800,000</b>
1. Short-term investments	121		1,174,959,000,000	628,591,800,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>431,893,781,626</b>	<b>589,356,922,010</b>
1. Trade accounts receivable	131	6	435,899,682,593	593,211,761,902
1.1. Receivables of insurance contracts	131.1		367,215,454,527	558,436,630,845
1.2. Other trade accounts receivable	131.2		68,684,228,066	34,775,131,057
2. Other short-term receivables	135		1,523,086,959	2,915,171,207
3. Provision for short-term doubtful debts	139	7	(5,528,987,926)	(6,770,011,099)
<b>IV. Other current assets</b>	<b>150</b>		<b>197,999,830,099</b>	<b>190,865,285,078</b>
1. Short-term prepaid expenses	151	8	197,999,830,099	190,865,285,078
1.1. Unallocated commission expenses	151.1		197,814,338,064	190,389,421,394
1.2. Other short-term prepaid expenses	151.2		185,492,035	475,863,684
<b>V. Reinsurance assets</b>	<b>190</b>		<b>2,045,905,520,321</b>	<b>2,090,312,132,103</b>
1. Unearned premium reserve for outward reinsurance	191	15	443,415,199,263	440,249,447,078
2. Claim reserve for outward reinsurance	192	15	1,602,490,321,058	1,650,062,685,025
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>621,799,579,870</b>	<b>905,247,077,790</b>
<b>(200=210+220+250+260)</b>				
<b>I. Long-term receivables</b>	<b>210</b>		<b>8,000,000,000</b>	<b>8,000,000,000</b>
1. Other long-term receivables	218		8,000,000,000	8,000,000,000
1.1. Insurance deposits	218.1		8,000,000,000	8,000,000,000
<b>II. Fixed assets</b>	<b>220</b>		<b>1,876,380,844</b>	<b>3,517,966,280</b>
1. Tangible fixed assets	221	9	781,422,116	1,181,386,048
Cost	222		8,591,869,385	8,398,451,385
Accumulated depreciation	223		(7,810,447,269)	(7,217,065,337)
2. Intangible assets	227	10	1,094,958,728	2,336,580,232
Cost	228		23,908,313,000	23,375,313,000
Accumulated amortization	229		(22,813,354,272)	(21,038,732,768)
<b>III. Long-term financial investments</b>	<b>250</b>	<b>5</b>	<b>589,548,450,000</b>	<b>870,915,650,000</b>
1. Other long-term investments	258		589,548,450,000	870,915,650,000
<b>IV. Other non-current assets</b>	<b>260</b>		<b>22,374,749,026</b>	<b>22,813,461,510</b>
1. Long-term prepaid expenses	261	8	22,374,749,026	22,813,461,510
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>4,527,243,532,906</b>	<b>4,489,688,003,178</b>

*The accompanying notes are an integral part of these financial statements*

**BALANCE SHEET (Continued)**

*As at 31 December 2020*

*Unit: VND*

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>A. LIABILITIES (300=310)</b>	<b>300</b>		<b>3,585,098,462,140</b>	<b>3,629,431,282,492</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,585,098,462,140</b>	<b>3,629,431,282,492</b>
1. Trade accounts payable	312	11	533,841,372,098	595,216,052,044
1.1. Payables of insurance contracts	312.1		491,363,869,393	540,886,842,175
1.2. Other trade accounts payable	312.2		42,477,502,705	54,329,209,869
2. Taxes and amounts payable to the	314	12	10,214,081,212	7,089,826,031
3. Payables to employees	315	13	11,060,091,975	1,059,293,080
4. Other current payables	319	14	116,753,295,171	117,928,126,700
4.1. Unearned commission income	319.1		113,730,285,108	116,351,340,192
4.2. Other payables			3,023,010,063	1,576,786,508
5. Bonus and welfare funds	323		2,989,260,159	5,621,337,080
6. Under-writing reserves	329		2,910,240,361,525	2,902,516,647,557
6.1. Unearned premium reserves for inward reinsurance	329.1	15	736,611,334,127	734,435,883,240
6.2. Claim reserves for inward reinsurance	329.2	15	2,068,038,128,143	2,077,690,153,098
6.3. Catastrophe reserve	329.3	15	105,590,899,255	90,390,611,219
<b>B. EQUITY (400=410)</b>	<b>400</b>		<b>942,145,070,766</b>	<b>860,256,720,686</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>16</b>	<b>942,145,070,766</b>	<b>860,256,720,686</b>
1. Owners' contributed capital	411		728,000,000,000	728,000,000,000
2. Compulsory reserve fund	419		46,923,630,917	39,608,038,763
3. Retained earnings	421		167,221,439,849	92,648,681,923
<b>TOTAL RESOURCES (440 = 300+400)</b>	<b>440</b>		<b>4,527,243,532,906</b>	<b>4,489,688,003,178</b>

**OFF-BALANCE SHEET ITEMS**

ITEMS	Unit	Closing balance	Opening balance
1. Foreign currencies:			
United States Dollar	USD	177,408	1,205,750
British Pound	GBP	8,537	22,587
Euro	EUR	5,407	15,595



**Vi Ngoc Son**  
Preparer



**Ngo Thanh Hai**  
Chief Accountant



**Trinh Anh Tuan**  
Chief Executive Officer

*Hanoi, 17 February 2021*

*The accompanying notes are an integral part of these financial statements*



**INCOME STATEMENT***For the year ended 31 December 2020***PART I: GENERAL INCOME STATEMENT***Unit: VND*

ITEMS	Codes	Current year	Prior year
1. Net revenue from insurance activities	10	772,728,971,929	687,268,093,046
2. Financial income	12	147,838,451,550	135,108,542,063
3. Other income	13	-	45,912,000
4. Total expenses for insurance activities	20	682,116,943,953	613,207,223,035
5. Financial expenses	22	23,347,111,305	12,418,480,948
6. General and administration expenses	23	34,236,294,437	26,314,818,743
7. Other expenses	24	6,111,657	-
8. Total accounting profit before tax (50 = 10+12+13-20-22-23-24)	50	180,860,962,127	170,482,024,383
9. Current corporate income tax expense	51	34,710,713,284	29,835,568,899
10. Net profit after corporate income tax (60=50-51)	60	146,150,248,843	140,646,455,484
11. Basic earnings per share	70	1,763	1,749

**INCOME STATEMENT (Continued)**

*For the year ended 31 December 2020*

**PART II: INCOME STATEMENT BY ACTIVITY**

*Unit: VND*

ITEMS	Codes	Notes	Current year	Prior year
<b>1. Insurance premium (01 = 01.2-01.3)</b>	<b>01</b>	<b>17</b>	<b>1,479,517,996,934</b>	<b>1,381,910,146,902</b>
- Inward reinsurance premium	01.2		1,481,693,447,821	1,512,862,432,262
- Increase in unearned premium reserve for inward reinsurance	01.3		2,175,450,887	130,952,285,360
<b>2. Outward reinsurance premium (02 = 02.1-02.2)</b>	<b>02</b>	<b>18</b>	<b>971,851,427,770</b>	<b>949,245,603,490</b>
- Outward reinsurance premium	02.1		975,017,179,955	945,789,036,012
- Increase/(Decrease) in unearned premium reserve for outward reinsurance	02.2		3,165,752,185	(3,456,567,478)
<b>3. Net insurance premium (03 = 01-02)</b>	<b>03</b>		<b>507,666,569,164</b>	<b>432,664,543,412</b>
<b>4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)</b>	<b>04</b>		<b>265,062,402,765</b>	<b>254,603,549,634</b>
- Commission income from outward reinsurance	04.1		251,733,356,063	242,714,082,257
- Other income from insurance activities	04.2		13,329,046,702	11,889,467,377
<b>5. Net revenue from insurance activities (10=03+04)</b>	<b>10</b>		<b>772,728,971,929</b>	<b>687,268,093,046</b>
6. Claim settlement expenses	11		674,452,632,649	577,129,756,932
7. Claim receipts from ceded policies	12		483,292,838,543	422,593,166,601
8. (Decrease)/Increase in claim reserve for inward reinsurance	13		(9,652,024,955)	473,922,154,553
9. (Decrease)/Increase in claim reserve for outward reinsurance	14		(47,572,363,967)	416,612,072,087
<b>10. Total insurance claim settlement expenses (15=11-12+13-14)</b>	<b>15</b>	<b>19</b>	<b>229,080,133,118</b>	<b>211,846,672,797</b>
11. Increase in catastrophe reserve	16		15,200,288,036	17,012,201,888
<b>12. Other expenses for insurance activities (17=17.1+17.2)</b>	<b>17</b>	<b>20</b>	<b>437,836,522,799</b>	<b>384,348,348,350</b>
- Insurance commission expenses	17.1		381,840,093,319	338,024,359,707
- Other expenses for insurance activities	17.2		55,996,429,480	46,323,988,643
<b>13. Total expenses for insurance activities (18=15+16+17)</b>	<b>18</b>		<b>682,116,943,953</b>	<b>613,207,223,035</b>
<b>14. Gross profit from insurance activities (19=10-18)</b>	<b>19</b>		<b>90,612,027,976</b>	<b>74,060,870,011</b>

*The accompanying notes are an integral part of these financial statements*

**INCOME STATEMENT (Continued)**

*For the year ended 31 December 2020*

**PART II: INCOME STATEMENT BY ACTIVITY (Continued)**

*Unit: VND*

ITEMS	Codes	Notes	Current year	Prior year
15. Financial income	23	21	147,838,451,550	135,108,542,063
16. Financial expenses	24	22	23,347,111,305	12,418,480,948
<b>17. Gross profit from financial activities (25=23-24)</b>	<b>25</b>		<b>124,491,340,245</b>	<b>122,690,061,115</b>
18. General and administration expenses	26	23	34,236,294,437	26,314,818,743
<b>19. Net profit from operating activities (30=19+25-26)</b>	<b>30</b>		<b>180,867,073,784</b>	<b>170,436,112,383</b>
20. Other income	31		-	45,912,000
21. Other expenses	32		6,111,657	-
<b>22. Other (loss)/profit (40=31-32)</b>	<b>40</b>		<b>(6,111,657)</b>	<b>45,912,000</b>
<b>23. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>180,860,962,127</b>	<b>170,482,024,383</b>
24. Current corporate income tax expense	51	25	34,710,713,284	29,835,568,899
<b>25. Profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>146,150,248,843</b>	<b>140,646,455,484</b>
<b>26. Basic earnings per share</b>	<b>70</b>	<b>26</b>	<b>1,763</b>	<b>1,749</b>



**Vi Ngoc Son**  
**Preparer**



**Ngo Thanh Hai**  
**Chief Accountant**



**Trinh Anh Tuan**  
**Chief Executive Officer**

*Hanoi, 17 February 2021*

## CASH FLOW STATEMENT

For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. Cash flows from operating activities</b>			
1. Receipt from insurance premium, commissions and	01	731,468,189,606	606,426,574,945
2. Receipt from deducted expenses	03	9,747,021,851	11,269,323,844
3. Receipt from other operating activities	04	-	45,912,000
4. Payment for claim settlements	05	(102,899,425,943)	(82,050,136,029)
5. Payment for insurance premium, commissions and other insurance activities	06	(327,368,923,375)	(294,817,817,618)
6. Payment to suppliers for goods and services	07	(32,687,139,374)	(39,321,912,959)
7. Payment to employees	08	(34,729,952,928)	(24,236,098,547)
8. Payment for taxes and obligations to the State budget	09	(41,774,629,674)	(39,416,856,500)
9. Payment for other payables	10	(3,980,521,164)	(3,642,897,557)
10. Advances to employees and suppliers	11	(11,668,404,655)	(13,071,062,663)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>186,106,214,344</b>	<b>121,185,028,916</b>
<b>II. Cash flows from investing activities</b>			
1. Receipt from investments in other entities	21	851,959,000,000	980,269,000,000
2. Receipt from interest on other investments	22	98,935,254,648	114,261,807,907
3. Investments in other entities	24	(1,116,959,000,000)	(1,090,959,000,000)
4. Acquisition of fixed assets	25	(726,418,000)	(913,860,000)
<b>Net cash (used in)/generated by</b>	<b>30</b>	<b>(166,791,163,352)</b>	<b>2,657,947,907</b>
<b>III. Cash flows from financing activities</b>			
1. Dividends paid	36	(50,309,318,220)	(115,422,809,221)
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>(50,309,318,220)</b>	<b>(115,422,809,221)</b>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(30,994,267,228)</b>	<b>8,420,167,602</b>
<b>Cash and cash equivalents at the</b>	<b>60</b>	<b>85,314,786,197</b>	<b>76,903,236,252</b>
<b>Effects of changes in foreign exchange rates</b>	<b>61</b>	<b>365,302,021</b>	<b>(8,617,657)</b>
<b>Cash and cash equivalents at the end</b>	<b>70</b>	<b>54,685,820,990</b>	<b>85,314,786,197</b>


Vi Ngoc Son  
Preparer

Ngo Thanh Hai  
Chief Accountant

Trinh Anh Tuan  
Chief Executive Officer

Hanoi, 17 February 2021

**NOTES TO THE FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**1. GENERAL INFORMATION****Structure of ownership**

PVI Reinsurance Joint-Stock Corporation (the "Corporation") was transformed from PVI Reinsurance Company, which was established and operated under Licence No. 66GP/KDBH dated 20 July 2011 issued by the Ministry of Finance.

Under the Establishment and Operation Licence No. 86GP/KDBH issued by the Ministry of Finance on 01 October 2013, PVI Reinsurance Company has officially operated as a joint stock company under the name PVI Reinsurance Joint-Stock Corporation. Under the Amended Licence No. 86/GPDC1/KDBH issued by the Ministry of Finance on 21 September 2018, the Corporation increased its owner's contributed capital to VND 728,000,000,000.

Since 24 December 2020, 72,800,000 shares of the Corporation were listed on Hanoi Stock Exchange (stock code: PRE).

The Corporation's controlling shareholder is PVI Holdings, which was formerly known as PetroVietnam Insurance Joint Stock Corporation.

The actual capital contribution of the Corporation's shareholders as at 31 December 2020 was as follows:

	Actual contribution as at the current year-end		Actual contribution as at the beginning of the year	
	VND	Ratio		
PVI Holdings	532,268,250,000	73.11%	532,268,250,000	73.11%
Other shareholders	195,731,750,000	26.89%	195,731,750,000	26.89%
	<b>728,000,000,000</b>	<b>100%</b>	<b>728,000,000,000</b>	<b>100%</b>

The total number of the Corporation's employees as at 31 December 2020 was 42 (31 December 2019: 41).

**Operating industry and principal activities**

The Corporation's operating industry and principal activities include:

- Reinsurance business;
- Financial investment business.

In current year, the spread of the disease caused by the new strain of Corona virus ("Covid-19") has been affecting the world and domestic economy. The Corporation's business is also indirectly affected by the uncertainty of the Covid-19 pandemic in Vietnam. The Board of Management has assessed Covid-19's impact on the financial position and business activities of the Corporation, and monitored the Government's support policies to take all appropriate measures to mitigate negative impacts of the disease on the Corporation's operations in the year. The Board of Management also believes that Covid-19 does not affect the Corporation's ability to continue as a going concern.

**Disclosure of information comparability in the financial statements**

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2019.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

**Financial year**

The Corporation's financial year begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Corporation in the preparation of these financial statements, are as follows:

**Estimates**

The preparation of financial statements in conformity with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Management's best knowledge, actual results could differ from those estimates.

**Financial instruments**

***Initial recognition***

***Financial assets***

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash, cash equivalents, trade receivables, other receivables and short-term and long-term financial investments.

***Financial liabilities***

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade payables and other payables.



***Subsequent measurement after initial recognition***

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

**Cash and cash equivalent**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Financial investments**

***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits at banks and bond investments.

Interest income from term deposits at banks and bond interest are recognised in the income statement on an accrual basis.

***Equity investments in other entities***

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation has no control, joint control or significant influence.

Equity investments in other entities are carried in the balance sheet at cost less provision for impairment of long-term investments (if any).

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts. Provision for doubtful debts is made under current prevailing regulations.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<b>Years</b>
Motor vehicles	6
Office equipment	3 - 5

**Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets represent accounting software, management software, and copyrights of other software (collectively referred to as "computer software"). Computer software is amortized using the straight-line method over the estimated useful lives.

**Prepaid expenses**

Prepaid expenses include commission expenses for inward reinsurance; cost of small tools, supplies and spare parts issued for consumption; office rental expenses and other expenses which are expected to provide future economic benefits to the Corporation. These are actual costs related to the operating results of several accounting periods and allocated in the prepaid period or throughout the period in which corresponding economic benefits are generated from these expenses.

Accounting policy for commission expenses for inward reinsurance are presented in accounting policy for "Expenditures recognition".

**Insurance deposits**

The Corporation is obliged to pay a deposit equal to 2% of the legal capital, the deposit shall bear interest in accordance with the agreement reached with the bank into which it is paid and the Corporation may withdraw the whole amount of their deposit upon termination of its operation. The Corporation may only use its insurance deposit to meet undertakings to purchasers of insurance when its solvency is inadequate and upon written approval of the Ministry of Finance.

**Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

**Provisions (excluding underwriting reserves)**

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

**Underwriting reserves**

The Corporation has applied the method of making unearned premium reserve and the method of making claim reserve for incurred but not reported (IBNR) losses upon approval of the Ministry of Finance in Official Letter No. 14427/BTC-QLBH dated 20 November 2018. Accordingly:



*Underwriting reserves for non-life insurance*

Unearned premium reserve:

*- Reinsurance agreements with terms of less than or equal to 01 year*

With regard to insurance for cargo transport: Unearned premium reserve for inward reinsurance is made at 25% of the inward reinsurance premium less the deductions, unearned premium reserve for outward reinsurance is made at 25% of the outward reinsurance premium.

With regard to other insurances: Unearned premium reserve for inward reinsurance is made at 50% of the inward reinsurance premium, unearned premium reserve for outward reinsurance is made at 50% of the outward reinsurance premium.

*- Reinsurance agreements with terms of more than 01 year*

Unearned premium reserves are made by a factor of period of direct policies: 1/8 method.

Claim reserve:

For losses incurred and reported, the Corporation provides for claim reserves for inward reinsurance and outward reinsurance using the statistic of retention liabilities for each estimated loss incurred and reported.

For incurred but not reported (IBNR) losses, the Corporation makes claim reserve for inward reinsurance at the rate of 5% of the inward reinsurance premium for each insurance transaction, claim reserve for outward reinsurance at the rate of 5% of the outward reinsurance premium for each insurance transaction.

Catastrophe reserve:

In accordance with Vietnamese Accounting Standard No. 19 "Insurance Contract", reserve to cover the losses in the future of which the claims are not incurred and do not exist at the balance sheet date (including catastrophe reserve) is deemed unnecessary. However, following regulations of the Ministry of Finance, the Corporation's catastrophe reserve for all types of insurance services were consistently provided at 3% of the premium retained in the year. The catastrophe reserve is made until this reserve is equal to 100% of the premium retained in the year of the Corporation.

*Underwriting reserves for health insurance*

Mathematical reserve

Mathematical reserve applied to health reinsurance agreements with terms of more than 01 year is calculated as follows:

- Regarding health reinsurance agreements which only cover death or total permanent disability: mathematical reserve is made on daily basis based on gross premium.
- For other health reinsurance agreements: The reserves are made in line with 1/8 method based on gross premium.

*Unearned premium reserve:*

Regarding health reinsurance agreements with terms of less than or equal to 01 year, unearned premium reserve is made at 50% of the gross premium.

*Claim reserve:*

For losses incurred and reported, the Corporation provides for claim reserves for inward reinsurance and outward reinsurance using the statistic of retention liabilities for each estimated loss incurred and reported.

For incurred but not reported (IBNR) losses, the Corporation makes claim reserve for inward reinsurance at the rate of 5% of the inward reinsurance premium for each insurance transaction, claim reserve for outward reinsurance at the rate of 5% of the outward reinsurance premium for each insurance transaction.

*Equalization reserve:*

This reserve is made at the rate of 3% of the premium retained in the year and is recorded in the balance sheet under catastrophe reserve item.

Reserves for outward reinsurance is not offset against reserves for inward reinsurance. Such reserves should be presented under separate items in the balance sheet. Accordingly, unearned premium reserve and claim reserve for inward reinsurance and catastrophe reserves are recognized as payables while unearned premium reserve for outward reinsurance and claim reserve for outward reinsurance are recognized as reinsurance assets.

**Enterprise funds**

The compulsory reserve fund is made at the rate of 5% of the Corporation's profit after tax until it is equal to 10% of the Corporation's charter capital.

**Revenue recognition**

***Reinsurance premium***

Inward reinsurance premium is recorded when the liability is incurred at the amount stated on the reinsurers' statement sent to the Corporation and confirmed by the Corporation.

Outward reinsurance premium is recorded at the premium amount to be ceded to the reinsurers, corresponding to the inward reinsurance premium earned in the year.

Commission income and other incomes from reinsurance activities are recorded on accrual basis. In the year, the entire commission income from outward reinsurance under outward reinsurance contracts signed in accordance with regulations of the financial regime is presented in the "Commission income from outward reinsurance" item.

At the year-end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized this year so as to allocate such commission income to the subsequent financial years in accordance with the provisioning method above.

***Other revenues***

Revenues from interest on bank deposits and bonds are recognized on accrual basis.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

***Expenditures recognition***

Claim settlement expenses for inward reinsurance are recorded as incurred following the statement of accounts the reinsurers sent to the Corporation and when the claim is accepted by the Corporation.

Claim receipts from ceded policies are recognized based on the receivable amount incurred corresponding to the claim settlement expenses recorded in the year and the ceded ratios.

Commission expenses for inward reinsurance are recognized corresponding to inward reinsurance premium incurred in the year. In the year, the entire commission expenses for inward reinsurance under inward reinsurance contracts signed in accordance with regulations of the financial regime are presented in the "Commission expenses for inward reinsurance" item.

At the year end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the year yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent financial years in accordance with the provisioning method above.

Other expenses are recognized when incurred.

***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by

The determination of the current tax expense payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examination.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

#### 4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	177,462,444	211,108,595
Bank demand deposits	19,508,358,546	45,103,677,602
Cash equivalents (i)	35,000,000,000	40,000,000,000
	<b>54,685,820,990</b>	<b>85,314,786,197</b>

- (i) Cash equivalents represent the Corporation's short-term deposits with original terms of less than or equal to three (03) months at commercial banks.

5. FINANCIAL INVESTMENTS

	Closing balance			Opening balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
	VND	(*) VND	VND	VND	(*) VND	VND
Held-to-maturity investments	1,455,962,000,000	1,455,962,000,000	-	1,190,962,000,000	1,190,962,000,000	-
Short-term	1,174,959,000,000	1,174,959,000,000	-	628,591,800,000	628,591,800,000	-
- Short-term deposits (i)	1,174,959,000,000	1,174,959,000,000	-	628,591,800,000	628,591,800,000	-
Long-term	281,003,000,000	281,003,000,000	-	562,370,200,000	562,370,200,000	-
- Bonds (ii)	100,003,000,000	100,003,000,000	-	100,003,000,000	100,003,000,000	-
- Long-term deposits (iii)	181,000,000,000	181,000,000,000	-	462,367,200,000	462,367,200,000	-
Investments in other entities	308,545,450,000	324,042,021,169	-	308,545,450,000	318,566,860,693	-
- PVI Opportunity Investment Fund (iv)	204,545,450,000	220,014,641,711	-	204,545,450,000	214,397,214,308	-
- PVI Infrastructure Investment Fund (v)	104,000,000,000	104,027,379,458	-	104,000,000,000	104,169,646,385	-

- (i) Represent term deposits at domestic commercial joint-stock banks with the original term of more than 3 months and remaining term of 12 months or less from the reporting date.
- (ii) Represent an investment in Military Joint Stock Commercial Bank's bonds with term of 05 year and 01 day and maturity date on 18 October 2023.
- (iii) Represent term deposits at domestic commercial joint-stock banks with the remaining term of more than 12 months from the reporting date.
- (iv) Represent the capital investment in PVI Opportunity Investment Fund ("POF") accounting for 20.45% of total charter capital of POF.
- (v) Represent the capital investment in PVI Infrastructure Investment Fund ("PIF"), accounting for 20.00% of total charter capital of PIF.
- (\*) The fair value of those investments is determined as follows:
- The fair value of long-term bond investments is determined by book value as the interest rate is subject to changes of market interest rates.
  - The fair value of the capital investment in POF and PIF is measured under net asset method based on the POF's financial statements and PIF's financial statements as at 31 December 2020.
  - The fair value of term deposits at domestic commercial joint stock banks is determined by book value due to: (i) short maturities and/or (ii) unavailability of information in the market to determine the fair value at the reporting date.

6. TRADE ACCOUNTS RECEIVABLE

	Closing balance	Opening balance
	VND	VND
Receivables of insurance contracts	367,215,454,527	558,436,630,845
- Receivables regarding inward reinsurance	229,755,948,118	331,775,218,292
- Receivables regarding outward reinsurance	137,459,506,409	226,661,412,553
Other trade accounts receivable	68,684,228,066	34,775,131,057
	<b>435,899,682,593</b>	<b>593,211,761,902</b>

*Including:*

	Closing balance	Opening balance
	VND	VND
PVI Insurance Corporation	140,197,940,264	263,113,522,818
Petrolimex Insurance Joint Stock Corporation	25,053,567,623	29,800,289,970
Vietnam National Reinsurance Corporation	23,980,938,212	21,070,991,437
BIDV Insurance Joint Stock Corporation (BIC)	22,769,459,002	6,375,792,731
Bao Minh Insurance Corporation	21,651,855,936	18,226,521,895
Guy Carpenter	16,205,194,519	16,554,653,905
Bao Long Insurance Joint Stock Corporation	13,662,014,584	11,727,365,009
Post and Telecommunication Insurance Joint Stock	13,115,357,803	16,495,068,722
Military Insurance Joint Stock Corporation - MIC	12,507,901,772	23,242,770,882
UIB INSURANCE BROKERS CO., LTD.	9,725,090,463	6,147,137,628
Bao Viet Insurance Joint Stock Corporation	8,379,530,862	18,625,703,544
Willis Re Labuan Limited (LL05552)	7,183,273,393	13,696,092,375
Vietinbank Insurance Joint Stock Corporation	4,935,791,668	4,363,302,244
Aon Benfield Corporate Risk - Aon Risk Solution	3,566,770,827	16,768,401,956
Others	112,964,995,665	127,004,146,786
	<b>435,899,682,593</b>	<b>593,211,761,902</b>

*Trade receivables from related parties:*

	Closing balance	Opening balance
	VND	VND
PVI Insurance Corporation	140,197,940,264	263,113,522,818
Hannover Re - Malaysia Branch	-	2,120,964,802
HDI Global SE Singapore	-	29,483,507
	<b>140,197,940,264</b>	<b>265,263,971,127</b>



7. PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable value	Provision	Cost	Recoverable value	Provision
	VND	VND	VND	VND	VND	VND
Total value of receivables, loans overdue	9,258,588,879	3,729,600,953	5,528,987,926	12,190,296,472	5,420,285,373	6,770,011,099
- Military Insurance Joint Stock Corporation	6,833,535,382	2,375,969,208	4,457,566,174	8,111,552,382	3,457,137,115	4,654,415,267
- Bao Viet Insurance Joint Stock Corporation	1,535,649,370	1,144,351,173	391,298,197	-	-	-
- Xuan Thanh Insurance Joint Stock Corporation	299,230,325	44,929,389	254,300,936	774,374,024	334,751,971	439,622,053
- VASS Assurance Corporation	212,513,627	15,554,267	196,959,360	413,854,054	49,790,930	364,063,124
- Lockton Companies (Singapore) Pte Ltd	208,289,318	101,262,670	107,026,648	-	-	-
- BIDV Insurance Corporation	-	-	-	2,088,682,910	1,256,375,155	832,307,755
- Others	169,370,857	47,534,246	121,836,611	801,833,102	322,230,202	479,602,900

Recoverable value is measured at cost less provision for doubtful debts.

8. PREPAID EXPENSES

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>	<b>197,999,830,099</b>	<b>190,865,285,078</b>
- Unallocated commission expenses	197,814,338,064	190,389,421,394
Opening balance	190,389,421,394	138,275,799,144
Unallocated commission expenses incurred in the year	389,265,009,989	390,137,981,957
Commission expenses allocated in the year	(381,840,093,319)	(338,024,359,707)
Closing balance	197,814,338,064	190,389,421,394
- Tools and supplies issued for consumption	115,569,551	137,530,632
- Other short-term prepaid expenses	69,922,484	338,333,052
<b>b) Long-term</b>	<b>22,374,749,026</b>	<b>22,813,461,510</b>
- Office rental and service charge at PVI Tower	20,810,320,236	21,452,364,631
- Other long-term prepaid expenses	1,564,428,790	1,361,096,879
	<b>220,374,579,125</b>	<b>213,678,746,588</b>

9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Motor vehicles	Office equipment	Total
	VND	VND	VND
<b>COST</b>			
Opening balance	2,452,320,000	5,946,131,385	8,398,451,385
Additions	-	193,418,000	193,418,000
- New purchases	-	193,418,000	193,418,000
<b>Closing balance</b>	<b>2,452,320,000</b>	<b>6,139,549,385</b>	<b>8,591,869,385</b>
<b>ACCUMULATED DEPRECIATION</b>			
Opening balance	2,452,320,000	4,764,745,337	7,217,065,337
Charge for the year	-	593,381,932	593,381,932
<b>Closing balance</b>	<b>2,452,320,000</b>	<b>5,358,127,269</b>	<b>7,810,447,269</b>
<b>NET BOOK VALUE</b>			
Opening balance	-	1,181,386,048	1,181,386,048
<b>Closing balance</b>	<b>-</b>	<b>781,422,116</b>	<b>781,422,116</b>

The cost of the Corporation's tangible fixed assets includes VND 6,828,793,385 of assets which have been fully depreciated but are still in use as at 31 December 2020 (31 December 2019: VND 6,475,936,915).

10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Computer software
	VND
<b>COST</b>	
Opening balance	23,375,313,000
Additions	533,000,000
- New purchases	533,000,000
<b>Closing balance</b>	<b>23,908,313,000</b>
<b>ACCUMULATED AMORTISATION</b>	
Opening balance	21,038,732,768
Charge for the year	1,774,621,504
<b>Closing balance</b>	<b>22,813,354,272</b>
<b>NET BOOK VALUE</b>	
Opening balance	2,336,580,232
<b>Closing balance</b>	<b>1,094,958,728</b>

The cost of the Corporation's intangible assets includes VND 19,243,880,000 of assets which have been fully amortised but are still in use as at 31 December 2020 (31 December 2019: VND 16,263,600,000).



11. TRADE ACCOUNTS PAYABLE

	Closing balance	Opening balance
	VND	VND
Payables of insurance contracts	491,363,869,393	540,886,842,175
- Payables regarding outward reinsurance premium	259,458,882,492	275,774,285,409
- Payables regarding claim compensation	177,112,137,916	230,448,994,411
- Other payables	54,792,848,985	34,663,562,355
Other trade accounts payable	42,477,502,705	54,329,209,869
	<b>533,841,372,098</b>	<b>595,216,052,044</b>

**Including:**

	Closing balance	Opening balance
	VND	VND
PVI Insurance Corporation	138,472,295,637	210,837,454,466
Bao Minh Insurance Corporation	34,447,368,496	27,240,222,060
Willis Re Labuan Limited (LL05552)	32,754,680,767	28,920,295,899
Vietnam National Reinsurance Corporation	23,591,850,673	25,503,736,932
BIDV Insurance Joint Stock Corporation (BIC)	20,732,915,981	2,169,632,848
Guy Carpenter	18,157,596,431	17,683,776,443
Petrolimex Insurance Joint Stock Corporation	16,072,303,271	18,717,096,149
Marsh Ltd Re Guy Carpenter	12,976,064,997	26,525,910,522
Worldwide Insurance Services Ltd	12,399,306,270	10,750,618,814
Post and Telecommunication Insurance Joint Stock Corporation (PTI)	11,880,204,993	10,951,034,483
Nasco Karaoglan France	11,141,622,004	11,854,513,382
Bao Long Insurance Joint Stock Corporation	11,102,701,916	11,135,780,561
Lockton Companies (Korea) Inc.	9,531,224,221	1,060,494,297
UIB INSURANCE BROKERS CO., LTD.	7,778,279,393	4,666,344,006
Aon Benfield Corporate Risk - Aon Risk Solution	6,946,148,338	12,085,344,280
Asiacapital Reinsurance Group Pte. Ltd (ACR)	5,948,245,534	16,775,602,364
Saigon - Hanoi Insurance Joint Stock Corporation (BSH)	5,293,942,148	1,246,146,002
MS First Capital Insurance Limited	4,959,544,647	591,613,239
Qianhai Reinsurance Co., Ltd	4,936,333,358	1,935,964,060
Aon UK Limited	4,160,856,351	3,744,229,948
Others	140,557,886,672	150,820,241,289
	<b>533,841,372,098</b>	<b>595,216,052,044</b>

**Trade payables to related parties:**

	Closing balance	Opening balance
	VND	VND
PVI Insurance Corporation	138,472,295,637	210,837,454,466
Hannover Re - Malaysia Branch	497,656,087	2,403,453,867
HDI Global SE Singapore	68,351,089	68,351,089
	<b>139,038,302,813</b>	<b>213,309,259,422</b>

12. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance	In the year		Closing balance
		Payable	Paid	
	VND	VND	VND	VND
Value added tax on goods and services	20,157,569	703,447,578	637,961,981	85,643,166
Corporate income tax	5,158,780,352	34,710,713,284	31,788,564,600	8,080,929,036
- Previous year	5,158,780,352	-	5,158,780,352	-
- Year 2020	-	34,710,713,284	26,629,784,248	8,080,929,036
Personal income tax	1,792,753,259	8,468,584,160	8,394,003,464	1,867,333,955
Withholding tax	118,134,851	1,013,139,833	951,099,629	180,175,055
Business license tax	-	3,000,000	3,000,000	-
	<b>7,089,826,031</b>	<b>44,898,884,855</b>	<b>41,774,629,674</b>	<b>10,214,081,212</b>

13. PAYABLES TO EMPLOYEES

Represents the balance of the additional salary fund corresponding to the profit exceeding plan for the financial year ended 31 December 2020 appropriated in accordance with the Corporation's salary payment regulation issued under Decision No. 39/QD-PVIRE dated 30 September 2020.

14. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Unearned commission income	113,730,285,108	116,351,340,192
- Opening balance	116,351,340,192	112,170,162,802
- Unearned commission income incurred in the year	249,112,300,979	246,895,259,647
- Commission income allocated in the year	(251,733,356,063)	(242,714,082,257)
- Closing balance	113,730,285,108	116,351,340,192
Other current payables	3,023,010,063	1,576,786,508
- Trade union fee, social insurance, health insurance, unemployment insurance	769,970,990	419,959,220
- Other payables	2,253,039,073	1,156,827,288
	<b>116,753,295,171</b>	<b>117,928,126,700</b>

Other payables to related parties:

	Closing balance	Opening balance
	VND	VND
PVI Holdings	437,279,018	210,071,944
PVI Asset Management Joint Stock Company	63,636,362	63,636,363
	<b>500,915,380</b>	<b>273,708,307</b>

15. UNDERWRITING RESERVES

Claim reserve and unearned premium reserve	Closing balance		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
1. Claim reserve	2,068,038,128,143	1,602,490,321,058	465,547,807,085
Reserve for unsettled claims	1,993,953,455,752	1,553,739,462,060	440,213,993,692
Reserve for losses incurred but not reported	74,084,672,391	48,750,858,998	25,333,813,393
2. Unearned premium reserve	736,611,334,127	443,415,199,263	293,196,134,864
	<b>2,804,649,462,270</b>	<b>2,045,905,520,321</b>	<b>758,743,941,949</b>

In detail:

Claim reserve	Closing balance		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
Opening balance	2,077,690,153,098	1,650,062,685,025	427,627,468,073
(Decrease)/Increase in the year	(9,652,024,955)	(47,572,363,967)	37,920,339,012
Closing balance	<b>2,068,038,128,143</b>	<b>1,602,490,321,058</b>	<b>465,547,807,085</b>

Unearned premium reserve	Closing balance		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	Net unearned inward premium reinsurance reserve
	VND	VND	VND
Opening balance	734,435,883,240	440,249,447,078	294,186,436,162
Increase/(Decrease) in the year	2,175,450,887	3,165,752,185	(990,301,298)
Closing balance	<b>736,611,334,127</b>	<b>443,415,199,263</b>	<b>293,196,134,864</b>

Catastrophe reserve	Current year	Prior year
	VND	VND
Opening balance	90,390,611,219	73,378,409,331
Increase in the year	15,200,288,036	17,012,201,888
Closing balance	<b>105,590,899,255</b>	<b>90,390,611,219</b>

16. OWNERS' EQUITY

	Owners' contributed capital	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND
Prior year's opening balance	728,000,000,000	32,505,154,002	81,548,992,206	842,054,146,208
Profit for the year	-	-	140,646,455,484	140,646,455,484
Allocated to compulsory reserve fund	-	7,102,884,761	(7,102,884,761)	-
Dividends declared	-	-	(116,480,000,000)	(116,480,000,000)
Allocated to other funds	-	-	(5,963,881,006)	(5,963,881,006)
Current year's opening balance	728,000,000,000	39,608,038,763	92,648,681,923	860,256,720,686
Profit for the year	-	-	146,150,248,843	146,150,248,843
Allocated to compulsory reserve fund (i)	-	7,315,592,154	(7,315,592,154)	-
Dividends declared (ii)	-	-	(50,960,000,000)	(50,960,000,000)
Allocated to other funds (iii)	-	-	(13,301,898,763)	(13,301,898,763)
Current year's closing balance	728,000,000,000	46,923,630,917	167,221,439,849	942,145,070,766

- (i) Compulsory reserve fund is allocated from profit after tax at the rate of 5% until its balance is equal to 10% of the charter capital as stipulated in Article 77, Decree No. 73/2016/ND-CP dated 01 July 2016 issued by the Government.
- (ii) Dividends distribution to shareholders include:
- Second dividend advance in 2019 at the rate of 5% of charter capital, equivalent to VND 36,400,000,000 according to the Resolution of the Board of Directors No. 24/NQ-PVIRE dated 19 December 2019.
  - The remaining dividend for 2019 equal 2% of charter capital, equivalent to VND 14,560,000,000. According to the Resolution of the 2019 Annual General Meeting of Shareholders No. 02/2019/NQ-DHDCD dated 29 March 2019, the General Meeting of Shareholders approved the plan of dividend payment for 2019 at the rate of 16% charter capital, of which dividends advanced in 2019 and 2020 was equivalent to 14% of charter capital.
- (iii) The Corporation makes allocation to the bonus fund and welfare funds and the bonus for the Executive Board in accordance with Resolution No. 01/2020/NQ-DHDCD dated 27 March 2020 of the 2020 Annual General Meeting of Shareholders.

Details of owners' contributed capital are as follows:

**Shares**

	Closing balance	Opening balance
	Share	Share
Numbers of shares registered to issue	72,800,000	72,800,000
Common shares	72,800,000	72,800,000
Numbers of shares issued to the public	72,800,000	72,800,000
Common shares	72,800,000	72,800,000
Numbers of outstanding shares	72,800,000	72,800,000
Common shares	72,800,000	72,800,000

A common share has par value of VND 10,000.

**17. INSURANCE PREMIUM**

	Current year	Prior year
	VND	VND
Inward reinsurance premium	1,481,693,447,821	1,512,862,432,262
Property insurance	514,512,417,582	498,156,455,800
Engineering insurance	255,329,770,081	252,239,907,094
Fire insurance	181,210,291,349	153,161,612,895
Hull and P&I insurance	142,234,436,526	177,555,708,145
Motor vehicle insurance	118,324,510,003	78,309,316,750
Cargo insurance	113,939,078,462	139,886,634,762
Energy insurance	49,303,445,491	64,687,635,169
Aviation insurance	4,911,539,326	4,001,278,880
Health and personal accident insurance	1,469,303,703	2,116,976,969
Other insurance	100,458,655,298	142,746,905,798
(Increase) in unearned premium reserve for inward reinsurance	(2,175,450,887)	(130,952,285,360)
	<b>1,479,517,996,934</b>	<b>1,381,910,146,902</b>

**20. OTHER EXPENSES FOR INSURANCE ACTIVITIES**

	Current year	Prior year
	VND	VND
Commission for inward reinsurance	381,840,093,319	338,024,359,707
Inward reinsurance brokerage expenses	5,299,157,064	5,208,785,626
Other inward reinsurance expenses	9,094,130,147	6,370,582,546
Other outward reinsurance expenses	0	39,403,014
Other reinsurance expenses	41,603,142,269	34,705,217,457
Including:		
<i>Labour expenses</i>	17,637,281,889	10,280,972,676
<i>Tools &amp; equipment expenses</i>	248,583,014	65,830,099
<i>Outsourcing expenses</i>	2,045,508,797	2,668,311,683
<i>Other monetary expenses</i>	21,671,768,569	21,690,102,999
	<b>437,836,522,799</b>	<b>384,348,348,350</b>

**21. FINANCIAL INCOME**

	Current year	Prior year
	VND	VND
Deposit and bond interest income	104,596,861,157	85,172,756,777
Interest from cross currency swap activities	-	1,925,755,726
Foreign exchange gain	14,994,099,893	7,743,666,310
Dividends and profits received	28,247,490,500	40,266,363,250
	<b>147,838,451,550</b>	<b>135,108,542,063</b>

**22. FINANCIAL EXPENSES**

	Current year	Prior year
	VND	VND
Foreign exchange losses	16,855,186,027	7,166,146,638
Expense from cross currency swap activities	-	255,032,515
Expense in investment advisory services	636,363,636	636,363,636
Management cost of financial investment activities	5,855,561,642	4,360,938,159.00
	<b>23,347,111,305</b>	<b>12,418,480,948</b>

**23. GENERAL AND ADMINISTRATION EXPENSES**

	Current year	Prior year
	VND	VND
Labour	20,230,074,660	10,871,978,536
Office equipment expenses	1,083,310,553	1,279,501,979
Depreciation and amortisation	2,093,058,873	3,467,925,161
Taxes, fees and charges	3,402,520,410	3,193,933,143
Provision (reversed)/made	(1,116,920,856)	683,295,559
Out-sourced services	6,142,082,222	4,624,224,623
Other monetary expenses	2,402,168,575	2,193,959,742
	<b>34,236,294,437</b>	<b>26,314,818,743</b>

**24. OPERATION COST BY NATURE**

	Current year	Prior year
	VND	VND
Claim expenses	229,080,133,118	211,846,672,797
Increase in catastrophe reserve	15,200,288,036	17,012,201,888
Commission for inward reinsurance	381,840,093,319	338,024,359,707
Inward reinsurance brokerage expenses	5,299,157,064	5,208,785,626
Other inward reinsurance expenses	9,094,130,147	6,370,582,546
Other outward reinsurance expenses	-	39,403,014
Labour	37,867,356,549	21,152,951,212
Depreciation and amortisation	2,093,058,873	3,856,839,950
Out-sourced services	8,187,591,019	7,292,536,306
Provision (reversed)/made	(1,116,920,856)	683,295,559
Other monetary expenses	28,808,351,121	28,423,327,962
	<b>716,353,238,390</b>	<b>639,910,956,567</b>

25. CORPORATE INCOME TAX

	Current year	Prior year
	VND	VND
Accounting profit before tax	180,860,962,127	170,482,024,383
Adjustments for taxable profit		
Add:	1,093,028,038	1,928,276,669
- Remuneration of the Board of Directors and the Board of Control	172,099,999	233,378,261
- Foreign exchange loss arising from the revaluation of assets denominated in foreign currencies	161,594,228	1,411,239,727
- Other non-deductible expenses	759,333,811	283,658,681
Less:	(8,568,511,113)	(23,232,456,555)
- Non-taxable profit (Dividend received from PVI Opportunity Investment Fund and PVI Infrastructure Investment Fund on which Corporate income tax has already been paid)	(7,519,354,676)	(23,078,498,371)
- Unrealized exchange rate loss of the prior year realised in current year	(881,069,069)	(153,958,184)
- Other non-taxable income	(168,087,368)	-
Taxable profit	173,385,479,052	149,177,844,497
Normal tax rate	20%	20%
Corporate income tax expense based on taxable profit in the current year	34,677,095,810	29,835,568,899
Adjustments of previous year's corporate income tax expense to the current corporate income tax expense	33,617,474	-
Total current corporate income tax expense	34,710,713,284	29,835,568,899

26. BASIC EARNINGS PER SHARE

	Current year	Prior year
	VND	VND
Profit after corporate income tax	146,150,248,843	140,646,455,484
Profit after tax attributable to shareholders holding common shares	146,150,248,843	140,646,455,484
Less: appropriation to Bonus and welfare fund	(17,830,308,545)	(13,301,898,763)
Earnings for the purpose of calculating basic earnings	128,319,940,298	127,344,556,721
Average number of outstanding ordinary shares	72,800,000	72,800,000
Basic earnings per share	1,763	1,749



## 27. FINANCIAL INSTRUMENTS

### Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to owner through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of equity of the Corporation (comprising contributed capital, reserves and retained earnings).

### Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 03.

### Categories of financial instruments

	Closing balance		Opening balance	
	Book value	Fair value	Book value	Fair value
	VND	VND	VND	VND
<b>Financial assets</b>				
Cash and cash equivalents	54,685,820,990	54,685,820,990	85,314,786,197	85,314,786,197
Trade and other receivables	431,657,664,386	431,657,664,386	589,270,656,416	589,270,656,416
Short-term and long-term	1,764,507,450,000	1,781,621,968,891	1,499,507,450,000	1,509,528,860,693
<b>Total</b>	<b>2,250,850,935,376</b>	<b>2,267,965,454,267</b>	<b>2,174,092,892,613</b>	<b>2,184,114,303,306</b>
<b>Financial liabilities</b>				
Trade and other payables	536,094,411,171	536,094,411,171	596,372,879,332	596,372,879,332
<b>Total</b>	<b>536,094,411,171</b>	<b>536,094,411,171</b>	<b>596,372,879,332</b>	<b>596,372,879,332</b>

The Board of Management of the Corporation has evaluated that the fair value of financial assets and financial liabilities at the year end is equal to their book value, except for the fair value of the investments in PVI Opportunity Investment Fund and PVI Infrastructure Investment Fund as presented in Note 05.

### Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include reinsurance risk, market risk (including foreign currency risk), credit risk and liquidity risk.

### Reinsurance risk

A risk arising from any reinsurance contract is the possibility of failure to make an accurate assessment on risk levels of insurance subjects and on loss levels under reinsurance liability. The risk assessment on reinsurance acceptance and losses under the reinsurers' obligations is restricted by quality, timeliness and completeness of information investigated and provided by clients, cedants, and other partners in reinsurance activities. The Corporation manages such risks by applying the inward reinsurance strategy, setting up an appropriate rate of retained premium for each inward reinsurance type, arranging outward reinsurance activities reasonably, and actively providing compensations.

**Market risk**

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Corporation does not hedge these risk exposures due to limited liquidity of the market to purchase such financial instruments.

*Foreign currency risk management*

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets (VND equivalent)		Liabilities (VND equivalent)	
	Closing balance	Opening balance	Closing balance	Opening balance
United States Dollar (USD)	214,491,067,473	233,297,711,082	230,589,117,222	194,231,889,497
South Korean Won (KRW)	5,544,278,608	8,221,324,570	21,132,071,870	15,778,485,840
Euro (EUR)	12,064,472,469	23,185,996,440	6,909,607,976	20,168,848,639
Indian Rupee (INR)	1,517,096,288	443,846,296	1,018,873,402	1,812,371,057
Others	5,070,621,018	9,076,379,556	4,149,906,772	9,246,180,745

*Foreign currency sensitivity analysis*

The Corporation is mainly exposed to United States Dollar, South Korean Won and Euro.

The following table details the Corporation's sensitivity to a 2% increase and decrease in Vietnam Dong against the relevant foreign currencies. 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 2% change in foreign currency rates. For a 2% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would decrease/increase by respective amounts as follows:

Currencies	Current year	Prior year
	VND	VND
United States Dollar (USD)	(321,960,995)	781,316,432
South Korean Won (KRW)	(311,755,865)	(151,143,225)
Euro (EUR)	103,097,290	60,342,956

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Corporation business operation is reinsurance, accordingly, the Corporation is mainly exposed to credit risks from clients operating in direct insurance business.

**Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer terms.

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment years. The tables have been drawn up based on the undiscounted cash flows including interest that will be earned in those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
<b>Closing balance</b>			
Cash and cash equivalents	54,685,820,990	-	54,685,820,990
Trade and other receivables	431,657,664,386	-	431,657,664,386
Short-term and long-term financial investments	1,174,959,000,000	589,548,450,000	1,764,507,450,000
<b>Total</b>	<b>1,661,302,485,376</b>	<b>589,548,450,000</b>	<b>2,250,850,935,376</b>
Trade and other payables	536,094,411,171	-	536,094,411,171
<b>Total</b>	<b>536,094,411,171</b>	<b>-</b>	<b>536,094,411,171</b>
<b>Net liquidity gap</b>	<b>1,125,208,074,205</b>	<b>589,548,450,000</b>	<b>1,714,756,524,205</b>
	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
<b>Opening balance</b>			
Cash	85,314,786,197	-	85,314,786,197
Trade and other receivables	589,270,656,416	-	589,270,656,416
Short-term and long-term financial investments	628,591,800,000	870,915,650,000	1,499,507,450,000
<b>Total</b>	<b>1,303,177,242,613</b>	<b>870,915,650,000</b>	<b>2,174,092,892,613</b>
Trade and other payables	596,372,879,332	-	596,372,879,332
<b>Total</b>	<b>596,372,879,332</b>	<b>-</b>	<b>596,372,879,332</b>
<b>Net liquidity gap</b>	<b>706,804,363,281</b>	<b>870,915,650,000</b>	<b>1,577,720,013,281</b>

The Board of Management assessed the liquidity risk at low level and believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

**28. RELATED PARTY TRANSACTIONS AND BALANCES**

*List of related parties with significant transactions and balances:*

<u>Related parties</u>	<u>Relationship</u>
PVI Holdings	Parent Company
PVI Insurance Corporation	Fellow Subsidiary
PVI Asset Management Joint Stock Company	Fellow Subsidiary
PVI Opportunity Investment Fund	Fellow Subsidiary
PVI Infrastructure Investment Fund	Fellow Subsidiary
Hannover Rück SE	In the same Corporation with shareholder of Holding company
Hannover Re - Malaysia Branch	In the same Corporation with shareholder of Holding company
HDI Global SE Singapore	In the same Corporation with shareholder of Holding company

*The Corporation's significant related party transactions in the year are as follows:*

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
<b>PVI Holdings</b>		
Office rental and services charges paid	2,318,048,645	5,497,554,589
Dividend paid	37,258,777,500	82,996,357,700
Fixed assets purchased	533,000,000	636,900,000
<b>PVI Insurance Corporation</b>		
Inward reinsurance premium	921,986,023,710	1,019,567,400,047
Commission, brokerage expenses and other expenses for inward reinsurance	232,147,749,477	250,467,439,625
Transfer of outward reinsurance premium	162,515,836,923	175,895,173,039
Refunded outward reinsurance premium	3,606,359,168	4,247,978,698
Commission income from outward reinsurance	57,118,640,275	68,514,864,500
Claim receipt from ceded policies	69,030,378,094	63,416,474,442
Claim settlement expenses for inward reinsurance	462,414,896,853	398,979,090,013
Other income from outward reinsurance	1,328,878,864	1,605,943,722
Dividends paid	-	2,166,562,300
<b>PVI Asset Management Joint Stock Company</b>		
Investment consultant fees	636,363,636	636,363,636
<b>PVI Opportunity Investment Fund</b>		
Dividend received	18,409,090,500	17,386,363,250
<b>PVI Infrastructure Investment Fund</b>		
Dividend received	9,838,400,000	22,880,000,000
<b>Hannover Rück SE</b>		
Outward reinsurance premium transfer	-	1,157,733,713
<b>Hannover Re - Malaysia Branch</b>		
Inward reinsurance premium	17,099,116,856	10,771,191,169
Outward reinsurance premium transfer	4,251,437,457	3,595,079,452
Claim settlement expenses for inward reinsurance	5,693,535,172	-
Claim receipts from ceded policies	1,634,248,126	5,173,550,805
Commission income from outward reinsurance	1,224,792,110	888,198,668
Other income from outward reinsurance	-	46,969,419
<b>HDI Global SE Singapore</b>		
Outward reinsurance premium transfer	474,460,016	891,086,331
Commission income from outward reinsurance	71,168,922	82,618,007
Other income from outward reinsurance	-	15,669,673

**Significant related party balances as at 31 December 2020 are as follows:**

	Closing balance	Opening balance
	VND	VND
<b>PVI Holdings</b>		
Other receivables	1,110,127,650	1,110,127,650
Other payables	437,279,018	210,071,944
<b>PVI Insurance Corporation</b>		
Receivables	140,197,940,264	263,113,522,818
Payables	138,472,295,637	210,837,454,466
<b>PVI Asset Management Joint Stock Company</b>		
Other payables	63,636,362	63,636,363
<b>PVI Opportunity Investment Fund</b>		
Capital investment	204,545,450,000	204,545,450,000
<b>PVI Infrastructure Investment Fund</b>		
Capital investment	104,000,000,000	104,000,000,000
<b>Hannover Re - Malaysia Branch</b>		
Receivables	-	2,120,964,802
Payables	497,656,087	2,403,453,867
<b>HDI Global SE Singapore</b>		
Receivables	-	29,483,507
Payables	68,351,089	68,351,089

**Remuneration of the members of the Boards of Directors and Management**

Remuneration of the members of the Board of Directors and the salary of the Board of Management received during the year are as follows:

	Current year	Prior year
	VND	VND
<b>Board of Directors</b>		
Mr. Nguyen Anh Tuan	1,827,000,000	60,000,000
Mr. Duong Thanh Francois	11,590,909	43,000,000
Mr. Lam Nhat Son	36,000,000	33,000,000
Ms. Pham Thi Thanh Nga	8,590,909	33,000,000
Mr. Truong Minh Duc	36,000,000	35,478,261
Mr. Alexander Nicolai Neumann	27,409,091	-
Mr. Nguyen Anh Vu	27,409,091	-
<b>Board of Management</b>		
Mr. Trinh Anh Tuan	2,284,150,000	1,422,425,000
Ms. Le Thi Thuy	1,675,650,000	1,325,737,500
Mr. Nguyen Hong Long	1,623,650,000	1,276,112,501
Mr. Phan Trinh Quoc Kien	1,352,740,000	1,149,568,751
Mr. Ngo Thanh Hai	1,287,445,000	924,707,360
	<b>10,197,635,000</b>	<b>6,303,029,373</b>

29. SUMMARY OF CLAIMS

Year of losses	2018	2019	2020	Total
	VND	VND	VND	VND
<b>Accumulated claim reserve amount</b>				
At the end of the year of losses	366,870,411,602	431,247,714,498	472,805,121,586	472,805,121,586
After 1 year	860,948,028,474	681,729,244,712	-	681,729,244,712
After 2 years	864,184,926,230	-	-	864,184,926,230
<b>Claim reserve amount accumulated to the current year (1)</b>	<b>864,184,926,230</b>	<b>681,729,244,712</b>	<b>472,805,121,586</b>	<b>2,018,719,292,528</b>
<b>Accumulated paid claim amount</b>				
At the end of the year of losses	20,812,452,370	37,816,822,787	46,033,917,543	46,033,917,543
After 1 year	208,803,483,421	351,158,237,735	-	351,158,237,735
After 2 years	363,609,375,724	-	-	363,609,375,724
<b>Paid claim amount accumulated to the current year (2)</b>	<b>363,609,375,724</b>	<b>351,158,237,735</b>	<b>46,033,917,543</b>	<b>760,801,531,002</b>
<b>Total outstanding claim reserve (3)=(1)-(2)</b>	<b>500,575,550,506</b>	<b>330,571,006,977</b>	<b>426,771,204,043</b>	<b>1,257,917,761,526</b>
Outstanding claim reserve for previous years' losses				736,035,694,226
<b>Total outstanding claim reserve at the year-end</b>				<b>1,993,953,455,752</b>

30. BUSINESS AND GEOGRAPHICAL SEGMENTS

The principal activities of the Corporation are to do business on reinsurance and financial investment. Accordingly, the financial information presented on the Balance sheet as at 31 December 2020 as well as revenues and expenses presented in the Income Statement for the year ended 31 December 2020 and the prior year are related to the principal business activities.

The Corporation does business on reinsurance and financial investments mainly in the Vietnamese market.

31. SUBSEQUENT EVENTS

On 05 January 2021, the Corporation has finalized the right to receive cash dividend in accordance with Resolution No. 17/NQ-PVIRE of the Board of Directors dated 11 December 2020 and paid cash dividend since 20 January 2021.

  
Vi Ngoc Son  
Preparer

  
Ngo Thanh Hai  
Chief Accountant

  
Trinh Anh Tuan  
Chief Executive Officer

Hanoi, 17 February 2021